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No. 2030

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INTER-AMERICAN AFFAIRS

URUGUAY'S ARISMENDI ON LATIN AMERICAN ECONOMIC CONCERNS

Remarks made to Radio Carve

Montevideo EL PAIS in Spanish 10 Jun 79 p 7

[Text] "The countries of our region must set aside false individualisms and use their potential to ensure greater achievements than those attained in the LAFTA," said minister of economy and finance, Valentin Arismendi, shortly before traveling to San Pablo where he will participate in a meeting called by the Organization of American States (OAS) and the Forum of the Americas.

Arismendi--in remarks made to Radio Carve--pointed out that "a subject for the present was selected, I would say a subject more than for the present, a subject for the future: free initiative in continental integration."

Developments in the last few years have blurred multilateral trade freedom, he said, and have shown that trade is carried out by means of regional agreements and is governed by customs barriers.

He added, "It is becoming increasingly difficult for us, the developing countries, to penetrate the markets of the industrialized world."

The minister said that Latin American countries cannot fail to take advantage of their potential and must set aside false individualisms to promote common policies which, without causing them to lose the characteristics and the orientations of each nation, will permit greater achievements than in the LAFTA.

"We have 280 million consumers and at the beginning of the next century, we will have 500 million. This market could encourage the region to create trade rather than discourage it," he said.

Arismendi stated that the food needs of the world are experiencing sustained growth. He added, "To produce, the Latin American countries do not have to appeal to the developed world to seek handouts but rather can obtain the

"instruments to deal equal-to-equal with the European Economic Community and the United States and with those subsidizing agricultural production."

He indicated that the proposals to be formulated in the Forum of the Americas will be oriented toward underscoring the need for creating an awareness on these points and ensuring that Latin America has a more vigorous presence in world economic and commercial relations.

Finally, he said that the tariff policy being applied by Uruguay, which is following a very rational line, as well as orientations similar to those being pursued by Chile and Argentina, can permit the obtaining of certain concessions in world trade.

Forum Speech on 'LAFTA'

Montevideo EL PAIS in Spanish 12 Jun 79 pp 10, 21

[Text] Subregional agreements such as the LAFTA can be made instruments capable of generating trade rather than discouraging it with the loss of well-being for consumers, if the agreements are reached by countries with similar tariff policies, that is, with medium-low tariffs, said Valentin Arismendi, minister of economy and finance, in the speech he gave yesterday during the opening ceremony of the "Forum of the Americas" in San Pablo. At the meeting organized by the OAS, Finance Minister Arismendi made reference to the perspectives for trade in the LAFTA area and proposed a series of changes to the Montevideo Treaty. He said that specific agreements in various regions of the world have distorted world trade and hampered freedom of economic relations. These are the basic concepts of his speech:

At the outset, allow me to point out something that is already well-known, namely that from the point of view of commercial interchanges the world has not yet attained the growth rate experienced before the energy crisis which produced the well-being we knew until 1973.

The harsh blow to the world economy delivered by the oil cartel's decision at the end of that year was the factor that unleashed a serious crisis which persists today and which impacted basically upon the industrialized countries and those with medium revenues, non-oil-producing countries, such as those which make up our region. Maladjustments in balances of payments, inflation, recession and unemployment are all combined within the framework of neoprotectionism which is beginning to rise like a shadow, posing a threat to free international trade. As a principal action, the industrialized countries, demonstrating a great fear of internal imbalances which they have not experienced, are taking care not to stimulate the economic growth of their economies, but mistaking the proper course, are interposing tariff and nontariff barriers upon manufactured products from our region and producing negative results.

The Weight of Protectionism

As a matter of fact, first, they are producing at a high cost what they could import at a lesser price and, second, they are not resisting pressures from private interests, giving employment to workers in the production of manufactured products, because of the contraction in world demand for heavy machinery and capital goods which the developing countries cannot buy, and are creating unemployment in the most qualified manpower sectors, with an obvious loss in income.

The developing countries and, basically among them, those with medium incomes, so as not to arrest their development, are contracting foreign debts which will compromise their future development, if in some way international trade is not reactivated. If this does not occur, undoubtedly there will be a problem for our countries over the medium term and there will also be a problem for the developed countries for lack of markets for their most competitive production.

In the face of this situation, a change is taking place in the world which is worthy of analysis, that is, the increase in trade treaties, agreements, trade zones, etc., instruments by means of which it would appear that there is a desire to correct the problems originating out of the energy crisis which persist today.

Agreements in Africa, Asia and the Establishment of the European Economic Community Mentioned

More recently, and as another manifestation against free multilateral interchange, we have all matters relating to arrangements designed to prevent the effective disorganization of markets, that is, the so-called "voluntary limitations on exports," the undesirable consequence of which could be the cartelization of suppliers and the diverting of trade activities to suppliers not affected by the limitations.

We have attempted to demonstrate a very clear trend of our times, with the mere enumeration of agreements or instruments which affect freedom of trade. However, we do not wish to say that this is always bad, since in some cases this kind of treaty can result in a situation of greater freedom in world trade than that which might have prevailed in the absence of such treaties.

In fact, its consequence is customarily the creation of greater trade, which would diminish totally or partially the effect of diversion of trade.

In spite of what I have said, it is proper to state finally, in these general preliminary remarks about the basic subject, that the decrease--generalized--of tariff protection in the industrialized countries could decrease the incidence of the effect of preferential treatments of those same countries. It is also necessary to specify the entire spectrum of nontariff measures

which in many cases constitute infinite barriers, resulting in a loss of well-being for consumers of countries which adopt them and insoluble problems for developing countries in the marketing of their production.

Improving Our Market

As the result of all I have said, and thinking about the development of international trade in the next few years, we feel there is a need for improving our regional market, but not because of that to stop making efforts to penetrate other markets, acting to this and either by arrangements with other regions or by attempting to develop binational undertakings, joint ventures, etc., to ensure the extremes, that is, a production and a consumer market.

Our Latin American Free Trade Association (LAFTA), made up of South America and Mexico, presents the following profile to the private investor, to businessmen whether they be from the region or outside the region:

1. The trade activity in the region between its members in 1977 was \$11.7 billion, while it was \$77.2 billion with the rest of the world, which gives a total regional trade activity of \$88.9 billion. This means that approximately 14 percent of the trade was between member countries and 86 percent with the rest of the world.

The total trade of countries which make up LAFTA, for the same year, represented 3.3 percent of the world's international trade.

If we wished in some way to make reference to the region's potential, we would say that the region, as regards its per capita income, is made up of the so-called medium-income countries, with an average per capita income of \$1,150, with the gross domestic product of the region somewhat more than \$330 billion.

Its population is 280 million inhabitants and it is estimated that the figure will rise to 500 million in the year 2000, a population settled in a rich and unexploited territory which totals 19.3 million square kilometers.

The LAFTA countries, like all the countries of Latin America and the Caribbean, are seeking sufficient capital to attempt their definitive development. They have been doing so by means of the transfer of resources from international organizations but also through promotion of their trade. With the arrival of the energy crisis and for reasons already commented upon, there was an increase in the level of indebtedness. Let us hope that intensification of trade, basically between our countries, will permit us to change the course we have been following.

Diversion of Trade

Let us now move on to an analysis of the advantages and disadvantages offered by LAFTA:

In principle, let us say that with respect to any agreement or accord of a commercial character based upon concessions or preferences from the strictly economic point of view, it is feasible to potentially constitute oneself on a factor of creation or diversion of trade, taking place within the framework of said commercial forms.

In general, and analyzing the disadvantages of LAFTA or any other similar instrument, we understand that any mechanism which distorts the flow of the commercial activities of the region with the rest of the world will cause real losses to the national economies.

Through concessions granted, countries see themselves stimulated in an exporting activity which is not suited to the characteristics of the economy, ceasing to produce or limiting the development of other activities in which there are comparative advantages, and a faulty assignment of productive resources does not permit development.

Another disadvantage of the Montevideo Treaty is the excessive rigidity of its concepts, which impedes adaptation of the present circumstances of Latin American trade.

A third negative aspect which should be looked at again is the impossibility of reaching bilateral or subregional agreements, within the framework of the LAFTA, as another manifestation of necessary flexibility.

In the face of world trade that is highly changeable and dynamic, the rigidity of the concessions granted are also causes of distortions or subsequent forced nonfulfillment of what was agreed to. We should seek the possibility of withdrawal of the concessions in a framework of adequate procedures and good guarantees.

Of all the concessions approved to date, there are many which neither originate trade nor even, in many countries, respond to expectations, given the fact that those countries are not now, nor will they be, producers of the goods for which concessions were granted.

That inflexibility of concessions hampers the freedom of the concession-granting country and also interferes with its policy of taxing imports of similar products from third countries.

Diversification of Markets

Let us now refer to the advantages offered by the Montevideo Treaty and, although it is true that since its ratification there have been countries which have not experienced the creation of additional trade from it, other countries have; therefore, the quantification of its advantages is not simple.

However, beginning with the 1973 energy crisis, as the result of a lesser demand from countries outside the region and problems derived from the scarcity of freighters, a period of promotion of trade in the region began. Speaking in relative terms, let us say that in the short period from 1972 to 1974, intrazonal trade increased by more than 120 percent and 260 percent to 1977.

Another obvious advantage is represented by the integration of 11 countries into one organization, which implies the possibility of multilateral and bilateral negotiations, thus permitting a potential diversification of export markets.

The consolidation of tax levels and margins of preference which derive from the negotiations involves and assures the possibility of access to the markets granted by concession under stable and unchanged conditions, unaffected by the unilateral attitudes of the governments.

A third advantage of the treaty is given by countries of relatively minor economic development, making it possible for them to receive limited concessions for the export of products.

In the case of my country, Uruguay has received more than 11,000 unable concessions which obviously signifies an additional attraction for the national and even foreign businessman, in accordance with our legislation on foreign investments.

A fourth advantage consists of the reciprocal credit agreements between the central banks of the region through which commercial operations are channeled and financed, as well as the Santo Domingo Agreement which covers the financing of transitory situations of illiquidity in balance-of-payments transactions, constituting important and useful instruments.

Conclusions

If we attempt to summarize what has been said thus far on the evolution of the form in which international trade is conducted, with a threat, or better stated, facing up to the reality of protectionism, with a trend--we would say a growing trend--toward tied or preferential trade, leaving increasingly less room for free, multilateral trade, we conclude that whether it is called LAFTA, LAES [Latin American Economic System] or any other acronym, the medium-term future should not surprise us. Our region under the leadership of the governments of countries which make it up and the necessary and active participation of private initiative should perfect an adequate instrument for regional integration.

The economic profile of the region which we have attempted to draw also justifies and demands it.

We also took a look at the advantages and disadvantages of LAFTA and felt that we are in a position to take advantage of some of them and to rectify others to achieve the required instrument.

The opportunity also exists for the required revision in 1980 of the Montevideo Treaty, as provided for in Article 1 of the Caracas Protocol.

As we see it, what changes should be made?

Our region is made up of a group of economically heterogeneous countries, not only in terms of relative development but also in economic policies maintained by the various governments. Faced with this situation, in our opinion, making the treaty more flexible should permit the reaching of bilateral or, better yet, subregional agreements.

Trade Between Countries with Similar Tariff Policies

In order that this kind of subregional agreement may be reached in an instrument capable of creating trade and not of discouraging it with the corresponding loss of well-being for the final consumers, trade should take place between countries with similar tariff policies, that is, with medium-low tariffs.

Today in our region, we are witnessing a tariff policy which several countries are carrying forward in an individual manner. If we proceed with the improving of subagreements between them, with the benefit signified for their economies by the tariff change, the negotiating concession as regards third countries can be unified, particularly as regards other regions or communities.

This kind of agreement, along with the perfecting of instruments which will correct unfair trade practices, will give fluidity to the transactions which every country today in a unilateral manner is attempting unsuccessfully to resolve.

Then, and as a function of the advance and development of each country, the way will be facilitated for the definitive incorporation of all countries, accomplished under the supervision of the principal treaty.

The legislation and efforts of the countries which make up the region should encourage direct investments of capital from outside the region which will accomplish the double purpose of accelerating the utilization of our productive resources and assuring the securing of markets which are also outside the region.

To this kind of subregional agreement which we have already discussed, others of an industrial nature, whether intersectional or multisectional, should be added, which would be of reciprocal advantage with respect to the industrial sectors or combinations of sectors respectively. Also, concessions could be

extended to manufacturing processes, with each country participating with components, parts, manpower, etc., in accordance with its greatest specialization or comparative advantage, in such a way that all of this, with the participation of a rational protection, will be converted into an authentic creation of trade and, therefore, a factor of well-being for our peoples. Thank you very much.

Credit Agreement Talks With Brazil

Montevideo EL DIA in Spanish 13 Jun 79 p 1

[Article by Eduardo Balcarcel]

[Text] San Pablo--The minister of economy and finance, Valentin Arismendi, had talks today with the president of the General Confederation of Industries of Brazil. Mario Garnero, with a view to discussion of subjects relating to bilateral industrial reciprocity. The high-ranking official from the north told EL DIA that this reciprocity could be feasible within the framework of a flexible operating plan, with mutual concessions.

Mario Garnero, in addition to being the titular head of that powerful organization which is made up of businessmen of the Brazilian industrial sector, is president of the Forum of the Americas.

Agreement With Brazil

Valentin Arismendi will also meet today with the former Brazilian minister of economy and current secretary of planning, Henrique Simonsen, for the purpose of reviewing the agreement in accordance with which Brazil granted Uruguay a credit of \$50 million for the purchase of capital goods. The agreement had not been implemented by our country which is now seeking new operating conditions.

Talks with this important person from the northern economic region, therefore, will have significant importance for the future utilization of that line of credit granted by Brazil.

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INTER-AMERICAN AFFAIRS

URUGUAY'S MARQUEZ COMMENTS ON NICARAGUA

Montevideo EL PAIS in Spanish 14 Jun 79 p 8

[Text] "The Nicaragua problem is very difficult, and the situation is above all, quite turbulent," said the commander in chief of the navy, Vice Adm Hugo L. Marquez, when questioned by the press on the subject of the present situation in that Central American country.

"It is foolish to be on Somoza's side; however, the other possibility is also crazy, as Sandinism has a Marxist orientation," the high official added.

"Now then," he continued, "I ask myself: 'Do we want more Cubas in Latin America?' The situation, I repeat, is very difficult. If Sandinism is victorious, we will have a terrorist government."

Asked whether our country would adopt any measure with respect to the evacuation of Uruguayan citizens residing in Nicaragua, as is being done by several countries, Admiral Marquez replied that he does not believe there are many fellow-countrymen in that country and that, in any event, the Uruguayans themselves would take the steps necessary to leaving the country.

However, should the occasion arise, he did not reject the possibility of the Uruguayan Government taking action in this regard.

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ARGENTINA

EFFECTS OF OIL PRICE HIKE OUTLINED

Buenos Aires LA NACION in Spanish 29 Jun 79 p 1

[Text] Our country -- can there be any doubt? -- can not remain isolated from the consequences of the decision now being debated in Geneva and in Tokyo on the price of petroleum. As in 1973/74, it seems possible to say that the world will not be the same after these deliberations, although, strictly speaking, the price increases of about 5 years ago and the current upward adjustments are only two phases of a single process that, spread over a 5-year period, has already become a real long-term trend.

At first glance, it is possible to distinguish both direct and indirect effects on the Argentine economy. Among the direct effects, the most obvious, though perhaps not the most important, is the higher cost of imported crude, which supplies between 8 and 10 percent of our domestic demand. It has already been decided that starting with the last 4-month period of this year -- that is, within 60 days -- there will be an adjustment of the price of naphtha in the domestic market above the price set in the guidelines of 20 December for all public rates.

The increase in imported crude prices has also prompted, as LA NACION reported, a new shift in thinking on oil policy, about decontrolling the prices of old crude, in order to stimulate investments, for example in secondary recovery operations. The application of similar concepts in the new bidding round could favor the participation of large foreign firms -- until now relatively few -- in the Argentine oil program.

As for its indirect effects, which are much harder to evaluate, the main one will undoubtedly be the effect of the higher cost of petroleum on markets where Argentina normally sells its exportable production. The experience of 1973/74 would suggest that there will be recessive trends in the major world economies; but precisely because this experience already exists, it would seem possible to try some other course to avoid economic retrenchment and unemployment. The governments of the "Seven" and of other developed economies consider the high rate of unemployment still remaining from the 1975 recession to be one of their major concerns. The earlier experience also indicates a possible intensification of protectionist pressures.

Looking at it from another point of view, and as partial compensation, we have to remember that the increase in petroleum prices means a transfer of resources of about \$35 billion a year to the OPEC countries. Over the past 5 years, Argentina has profited from the OPEC nations' greater purchasing power.

The conditions in which these new price adjustments are occurring do not exactly reproduce those that followed the Yom Kippur War. Then the economies of almost all the world were going through a period of euphoria that was obviously inflationary -- this period of euphoria halted abruptly with OPEC's first increase. But now there is inflation that is heating up more and more, which coexists with very low-growth economies that can not manage to solve their unemployment problems. The price of \$23.50 per barrel is very close to the level that was considered acceptable for developing high cost petroleum, such as the coal shale in North America. Nor is the political situation the same as it was 5 years ago; the west can no longer rely on Iran and there are no clear indications about how the potentially large production of Mexico and China will be handled.

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ARGENTINA

BRAZIL'S SUBMISSION TO ARAB COUNTRIES VIEWED WITH CONCERN

Buenos Aires LA PRENSA in Spanish 2 Jul 79 p 4

/Text/ Recently Arab pressures on Brazil have grown stronger; an example of this is the request to establish an official delegation of the PLO /Palestine Liberation Organization/ in Brasilia. Two occurrences suggest that this request is not just a matter of chance or an isolated instance. In the first place, Brazil's vote in the United Nations in 1975 supporting the Arab embargo resolution, to the effect that "zionism is racism"; and secondly, the recognition (a joint communique issued with the vice president of Iraq last May) stating that the PLO is "the sole and legitimate representative organization of the Palestinian people." Raising the present PLO delegation to the status of an Arab League office in Brasilia, in an independent although not diplomatic headquarters, as a spokesman for Itamaraty hastened to make clear, does not seem to be, given the course of things, either a surprising or an impossible step. In Sao Paulo, in a ceremony planned by Arab organizations, photos of President Figueredo and Arafat, the head of the PLO, were exhibited, beaming with smiles. Now a PLO spokesman in Rio de Janeiro has just announced a "non-political, but commercial" trip by Arafat to Brazil in July, related to the organization's intention to purchase a newspaper and radio transmitter. And although the purchase of communications media is prohibited to foreigners, the PLO will not lack for Brazilian representatives able to conduct the operation.

JORNAL DO BRASIL and O ESTADO DE SAO PAULO, which in recent editions have published a commentary from LA PRENSA on this issue, have increased their criticisms of what they forthrightly term the open pressure of the Arab world on the Brazilian foreign ministry. O ESTADO DE SAO PAULO has just said that Itamaraty "is conducting our Middle East policy as if we were a dependent power, forced to alter its conduct of remaining

equidistant, and to compromise itself with one of the parties in conflict."

Brazil can only supply 15 percent of its petroleum needs. It has to import the remaining 85 percent. Iraq, which supplies about half of these imports, is the country which began this unbridled pressure against the Brazilian government.

The ideology of the successive Brazilian military governments is diametrically opposed to the PLO's ideology, but the present government has introduced a discordant note in Latin America by aligning itself with Cuba in the recognition of a terrorist organization whose range of action is not just in the Middle East. Al Fatah trains guerrillas from many countries, including some from Latin America. The world press has repeatedly published a photograph showing "for posterity," Arafat and two Argentine rebel leaders in warm embrace. The mendacious statement made a few days ago in Rio de Janeiro by the PLO delegate in Brazil, Farid Sawan, should not be allowed to go unchallenged. He told 800 people in the headquarters of the Brazilian Press Association that the PLO only planned to do "political dissemination" work in Brazilian society, and he asked for support "in favor of the cause of the oppressed people of Palestine."

Itamaraty can not be unaware that the PLO is the backbone of international terrorist activities, nor can Itamaraty ignore its status as a tool of Soviet foreign policy. The Brazilian government's recognition of this organization is a flagrant contradiction with the policy and struggle followed during the past 15 years by the neighboring country's governments; as is known, this guerrilla movement has ties with similar organizations in the southern cone countries.

Unfortunately, Brazil has backed down, thus creating a factor of disruption that causes confusion, fear, and distrust in Latin America. Brazil has revealed itself to be extremely weak before a pressure programmed by a distant military staff. The existence of five million Brazilians of Arab descent in Brazil, an argument that is often advanced, is not sufficient cause for having brought about such a thoroughgoing change in Itamaraty's foreign policy, for such a change makes it the target of new pressures. Petroleum, by the fact of its shortage, today seems to dominate everything, and in the case of Brazil, it has a commercial value, a diplomatic cost, and a political price.

It would not be surprising if Libya and Irak made use of the same method and took action against Itamaraty to obtain the nuclear equipment and devices that they can not get elsewhere. A great country, whose notable progress has awakened the world's admiration, which subordinates the course of its foreign policy to interests extraneous to its own, runs the risk of not only compromising its own destiny, but also of altering the spirit of hemispheric solidarity which must be preserved at all costs.

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CSO: 3010

ARGENTINA

ILO INTERFERENCE IN NATIONAL POLITICS CRITICIZED

Buenos Aires LA PRENSA in Spanish 28 Jun 79 p 8

/Text/ A few days ago, the director general of the ILO International Labor Organization, Francis Blanchard, commented on the organization's activities. He said that the 65th conference is now taking place with a parliamentary-style debate since, even though there have been some violent speeches, no attacks on or offenses against heads of government were made. On the role of the Latin American countries in the ILO in the near future, he said that the countries themselves are the ones which must determine this role; and he added that this is the purpose of the South American conference that the organization will hold in Colombia within the next 3 months. He added that this will help to promote the decentralization of this international forum, both so that the Latin American sector can get a clearer idea of the ILO, and so that the organization may receive more definite input from Latin America.

While these statements contained laudable intentions, Mr Blanchard's position came back to the ordinary course of officials of international institutions when, for political reasons, they try to ingratiate themselves in some way. The ILO director said that he opposed "the politicization of debates and the intervention of the organization in matters unrelated to labor problems," but that he did not therefore want to "surround the ILO with a 'cordon sanitaire,' since in such a complicated world, it is normal for major political conflicts to have repercussion here." This means that the tendentious debates will continue; and it is for this very reason that the United States withdrew from the organization.

The major difficulties of international organizations are probably due to their continued meddling in matters outside of their specific competence. UNESCO, the ILO, and some other United Nations forums lost prestige as soon as they became centers of political or ideological disruption, the battlegrounds for somewhat haphazard majorities. The appropriate organic charters are not being respected and the authorities of these institutions are not enforcing their prerogatives. The distortion of their purposes has heightened world unrest instead of calming it by the simple means of respecting and enforcing the regulations. For this reason, the ILO reflects international disruptions of various types, and it is hastening its own loss of prestige.

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CSO: 3010

ARGENTINA

ILO DELEGATES HEAR TRIACCA'S STRONG ATTACK ON ECONOMY

Buenos Aires CONVICCION in Spanish 20 Jun 79 p 13

[Text] The head of the Argentine workers delegation to the assembly of the ILO [International Labor Organization], Alberto Triacca (plastics), yesterday, speaking in this assembly in Geneva, harshly criticized the fact that "our people, after being victimized by the attacks of armed terrorism, have become the victims of a new form of aggression: economic terrorism."

Triacca strongly attacked the government's economic plan; he accused the government plan of being "a political tool incapable of succeeding naturally and which is obviously designed to keep the government in power."

The union leader maintained that "this strategy has a single organized adversary: organized unionism," and that "from now on it is working toward the fragmentation of the unions" through "confiscatory laws aimed at union property, laws which destroy the workers' unity, laws which favor dissolution and intervention, which annul the rights and guarantees of our constitutional organizations and change the international labor agreements that guarantee union freedom and the right of association into a dead letter."

In his speech, Triacca avoided an attack on the government on all fronts. He concentrated his criticisms on economic policy, perhaps in order not to worsen the Argentine situation with the ILO. Nonetheless, he did call for the respect of union laws and international agreements, the release of persons who have been arrested, union normalization, and that "men should not be subordinated to the purposes of a profiteering economy."

The Argentine delegate began his speech by pointing out the representative nature of the delegation he heads and said that "We are here, as formerly were here Augusto Timoteo Vandor, Jose Alonso, Henry Klosterman, Jose Ignacio Rucci, and Oscar Smith. These men, to mention just a few of the long list of Argentine leaders, were men who shed their blood to prevent an omnipotent capitalism and a totalitarian collectivism from turning our social achievements into the abolition of human freedom."

Later Triacca said that "we are proposing truly national solutions for our problems," and he explained that "we are here now to defend this doctrine, this philosophy, and this victory of the organized Argentine workers."

He then said that "our basic objective is the unity of the workers' movement and this delegation is a proof of this. We have done this by overcoming the restrictions that a number of sectors have tried to impose on us."

The Argentine delegate said that the unionists are now mobilizing "to block the attempt to transform the Argentine social system," and he called for "the philosophy of working together, a philosophy that does not exclude as others do, and which seeks to have all parties -- state, management, and workers -- order a national life on the bases of justice and peace."

After some other comments, Triacca stated that "the subversive rage concentrated on our union members," and said that "it is clear that what the workers want is peace, order, freedom, and sovereignty."

"But we want to make it clear," he continued, "that no one can force us to identify peace and order with a destructive economic program, which is trying to destroy some of the economic defenses on which part of our sovereignty rests."

He then criticized the fact that "our people, after being victimized by the attacks of armed terrorism, have become the victims of a new form of aggression: economic terrorism," and he maintained that "this form, just like the other, seems destined to repeat the conditions that established a suitable climate for its predecessor, like the head of a snake that bites its own tail and thus closes the historic circle and constantly repeats the cycles that lead societies toward chaos and dissolution."

Triacca based his attack on the fact that "a debatable financial pragmatism, dreamed up in the orthodoxy of multinational capitalism, has come to oppress the people, with disastrous results. The results of this plan are always the same: enrichment and economic concentration in the hands of a minority at the expense of the workers, wages that are cut until they reach intolerable levels, an uncontrollable surge in the cost of living, recession, the opening up of markets to international holdings, and consequently, the harassment of industrial and productive workers."

"This scheme," said Triacca, "coming from the trilateral system, only ends by harming the peripheral countries, which are up against the economic onslaughts of the countries at the center of the economic circle. We don't share the belief that in this world only the poor should have to sacrifice."

He then criticized the government's economic plan "which, to give one example, encourages students to drop out of schools and universities. At the same time," he went on, "some small groups are promoting elitism as a formula for national salvation."

Triacca claimed that "these are not isolated or contradictory instances; on the contrary, they are the consequences of a single minority view that dreams of restricting the vote by setting voter qualifications."

"Therefore," he emphasized, "we want to make it clear here that this economic program conceals much more than it says; it is a political tool incapable of succeeding naturally and one which is obviously designed to keep the government in power."

In conclusion, Triacca called for "the participation of the workers, as formers and objects of productive life, in economic decision-making," and he proposed "the fundamental demands that will enable the workers to keep on hoping that our country may yet aspire to the course of humanism."

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ARGENTINA

INDUSTRY FEELS EFFECTS OF LABOR SHORTAGE

Buenos Aires LA NACION in Spanish 1 Jul 79 p 11

Text Last May there was a widespread labor shortage in the industrial sector. This may have been caused by an upturn in activity in some dynamic sectors. There has been increased mobility in the job structure, in a context with widely scattered salary ranges, according to a study done by the Economic Research Institute of the Argentine Business University.

The survey was conducted in 300 firms of this city and in Greater Buenos Aires which account for 35 percent of the gross industrial product of Argentina. According to these firms, this labor shortage was observed both for specialized and un-specialized labor, and also for skilled personnel.

The survey explains that there are three major factors accounting for the shortage of unskilled labor, including the migratory movements of labor to their respective homelands, and fewer women workers in the job market because of the relatively lower salaries offered them.

Concerning skilled personnel, the study considers the change observed in May attributable to job transfers of workers from dependent to independent activities, and to insufficient elasticity of supply in response to a greater relative demand.

The study does break the analysis down by sectors. In the category of nondurable consumer goods, it shows that the labor shortage may have been due to the great disparity in wage levels among the categories included.

Under the category of beverages, during the period analyzed the labor market showed a certain level of normality in obtaining unskilled labor, but there was a shortage of skilled labor available.

In food production, there was a shortage of labor in general.

In the area of firms producing durable consumer goods, generally speaking, there was some difficulty in obtaining skilled labor.

The clothing and footwear industries had the greatest problems in obtaining skilled workers last May. This could have been caused by the fact that these industries offer lower salaries than those paid by the average of the rest of industry.

In the area of goods produced for intermediate use, the report showed dissimilar behavior. The textile, lumber, and paper industries did have trouble finding unskilled workers, but trends were normal in the glass, ceramics, and other industrial chemical products industries, rubber, and basic components of ferrous metals.

This situation, said the report, may be due largely to the lower relative wages paid by firms providing wood, paper, and refined products.

Finally, in the category of capital goods, the availability of unspecialized personnel could be termed normal in May, but there was a shortage of skilled labor.

The category of agricultural machinery and tractors had a normal availability of labor in this period, presumably because of its restrained development, which would cause a limited demand for labor.

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CSO: 3010

ARGENTINA

INDUSTRIAL UNION TO PROMOTE MOVE FOR CIVILIAN INTERVENTOR

Buenos Aires LA NACION in Spanish 1 Jul 79 p 11

/Text/ The process of normalization of the Argentine Industrial Union, to culminate with the election of union representatives, must necessarily have as its starting point the approval of its statutes by the General Inspectorate of Legal Entities. Only then will the statutes that will govern the behavior of institutions during the period of normalization be established on a firm foundation.

When the imminent approval of the statutes by the Legal Entities Inspectorate is considered a certainty, we would then be entering a new phase, one in which the possibility of the appointment of a civilian interventor could not be discounted. This interventor would occupy the position now filled by Colonel Rolando. The civilian interventor would then be responsible for continuing the normalization process.

Of course, this option is subject to the decision of the minister of labor and -- we should not forget -- to give authenticity to this process, the renewal of first and second degree organizations may be exempted from this process. In the end, this would ensure a real representative nature in those who will make up the executive bodies of the UIA /Argentine Industrial Union/.

Two Hypotheses

In this context, two hypotheses are being discussed in business circles. The first is that it might be feasible, during the first half of July, for there to be a new interventor appointed, this time a civilian, in the UIA. The second hypotheses is that sometime this month, the union's activities may be exempted.

Still within the realm of speculation, the appointment of the possible civilian interventor could be considered a sensitive matter, since he will have to continue the normalization process begun by the military intervention system. This does not mean that within the CAE [Executive Advisory Committee] persons capable of doing so would be found, but insofar as possible a person should be sought for the position who does not have, at least visibly, any direct involvement in the leadership of the business movements that came into compliance in 1975, and which are fighting to take over at various levels of the UIA as soon as it is normalized, such as the MIA [Argentine Industrial Movement], the MUI [Industrial Unity Movement], and the MEDI [Business Movement of the Interior].

Two Paths Towards a Solution

Of course, in the present situation any mention of names would be risky. Nonetheless, independently, not involved with any movements, let us suppose that there might soon be formed a three-person slate of candidates to be considered for the post of interventor when the time for the change draws near. This slate might consist of Juan Fabregas, Juan Martin Oneto Gaona, and Hector Amorosi. This is a slate being talked about in business meetings, although news of it has not yet reached, insofar as is known, the ears of the minister Reston.

In any event, a solution could take one of two channels: the appointment of an expert on business matters, outside of the sectors and one trusted by the minister of labor, or the appointment of a representative industrialist, knowing the issues in depth and one who does not belong to the UIA's Executive Advisory Committee.

Exemption of Organizations

If the position of the Argentine Industrial Movement in postponing a meeting with its member organizations until 25 July is supposed to have any explanation, surely it could be found in the understanding that before that date there would be a change about the exemption of activities of first and second degree organizations.

The truth is that this hypothesis has in large part taken hold of the industrial sector, although the legal mechanisms that could be used on a governmental level to bring about this exemption are unknown. While the present freeze of business

activities has no direct relation with the bill on professional associations, the union and business areas will remain included in the ban on activities imposed by the Military Junta's decree number 9 regulated by law 21.356. Therefore, if it were decided to exempt the activities of first and second degree organizations (chambers and federations), a law would have to be passed to do so.

The MIA Meeting

In any event, it may happen that the Argentine Industrial Movement -- a current of opinion that continues the old UIA -- on 25 July is scheduled to hold a work session with representatives of its member organizations, at which time the general situation will be assessed.

As is traditional in the MIA, no meeting is held without a final opinion being reached. Therefore, if the present spirit predominating in the sectors on the application of the tariff policy is used as a point of reference, it can be taken for granted that the need for application of stable rules will be repeated, and that they will insist on the revision of Resolution 6, which permits changes in tariff guidelines based on the behavior of prices in the domestic market, and logically, the treatment of union issues will not be excluded.

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CSO: 3010

IMPROVED SOLIDARITY AMONG TIN PRODUCERS SOUGHT

Declaration Signed With Malaysia

La Paz EL DIARIO in Spanish 9 Jun 79 p 1

[Text] The Bolivian minister of mining and metallurgy and the Malaysian minister of primary industries, Gen Jorge Echazu and Mr Paul Leong, respectively, have stated, through a joint declaration, their agreement to put into practice a greater solidarity among tin-producing countries with the aim of achieving a stable world market for tin which equally benefits the economies of producing and consuming countries.

In that document they also analyze problems related to the world market level of tin prices; the sale of GSA [General Services Administration] reserves; the significance of the Fifth Pact and what should be done in preparation for a Sixth Pact which does not contain the errors of its predecessor, and other aspects relative to the International Tin Council.

The full text of the joint declaration referred to above contains the following concepts:

We, the Bolivian minister of mining and metallurgy and the Malaysian minister of primary industries, Gen Jorge Echazu Aguirre and Mr Paul Leong Khee Seong, respectively, have considered in detail the problems facing the tin mining industry in our countries. Since tin plays an important part in the economy of our countries, which together produce more than half the world's raw tin, we agree that it is necessary to take urgent steps to assure the continued availability of tin on the world market as well as the continued economic well-being of our two countries.

One problem which particularly concerns us is the fact that during the last several years the scale of prices of the International Tin Council's stabilizing reserve has not been able to reflect the economic realities of tin production. The minimum price of the stabilization reserve has been set at a level significantly lower than the current costs of tin production incurred by the majority of tin-producing countries, with the effect that this minimum

price has not been able to serve as an incentive to spur investments in tin production at an adequate level.

This situation results from the stubborn refusal of a minority of tin-consuming countries to face the economic reality of an era of permanently rising world costs at a time when increasingly lower-yielding ores must be mined. We, therefore, together with other tin-producing countries, will make vigorous efforts during the next meeting of the International Tin Council, which will be held in July 1977 [as published], to achieve a revision of and significant increase in the stabilization reserve's scale of prices.

We also express our concern about the possibility that in the near future large amounts [of tin] from the General Services Administration (GSA) of the United States may be sold at a time when the stabilization reserve's scale of prices is at a low level not in accordance with the reality of tin production costs.

Notwithstanding the fact that any sale of this kind must comply with the requirements of Article 43 of the Fifth International Tin Pact, we stand firm in our conviction that such sales, at this moment and in the foreseeable future, cannot but have an unfavorable effect on the world tin market, which is maintaining a delicate equilibrium. Such sales will also, in the long run, result in higher tin prices for the consumer. Any sales of this kind will clearly discourage capital investments in the exploration and development of new tin supplies, just as they will create difficulties for the economies of producing countries. Bolivia therefore firmly opposes any sale from noncommercial reserves.

The Fifth International Tin Pact, currently in effect, should be allowed to expire in 1981, and efforts aimed at drafting the proposed Sixth Pact are already underway. The deficiencies of the present accord have become evident and have resulted in the fact that the pact's principal objective--promoting and defending equitable, stable, remunerative prices for producers and just prices for consumers--has not been completely reached.

We are convinced that it is our duty to make every effort to overcome such deficiencies so that the Sixth Pact might be better and more equitable than the present Fifth Pact.

Finally, we agree that a greater solidarity between the producing countries should be shown, with the aim of attaining a stable world market for tin which will equally benefit the economies of producing and consuming countries.

Malaysian Minister Pledges Support

La Paz EL DAIRIO in Spanish 9 Jun 79 p 1

[Text] Malaysia will wholeheartedly and solidly back Bolivia in the demand for just and remunerative tin prices when the International Tin Council [CIE] meets in London in July.

This statement was made by the Malaysian minister of primary materials, Mr Paul Leong, during a press conference held yesterday to give impressions gathered during his visit to our country's mining centers and in conversations with governmental and business authorities of the national mining and metallurgy sector.

Mr Leong began by stating that he came to the country at the invitation of Mining and Metallurgy Minister Gen Jorge Echazu, when the latter visited him in Kuala Kumpur last April. He pointed out that his presence in Bolivia was "an excellent opportunity to get to know the problems Bolivia is facing in its tin industry, with high costs owing to the exploration of poor veins in underground mines," and he backed the authenticity of the demand that consuming countries recognize higher prices--conforming more to reality--for stabilization reserves.

Mr Leong stated emphatically that the experience acquired in his visit to Bolivia leads him to believe that Bolivia's problems are also Malaysia's problems, as far as aspirations are concerned.

Another point made by Mr Leong concerns the need for producing countries to know statistics on tin consumption needs of consuming countries and to have an inventory of their commercial reserves of tin, bearing in mind that producers have "faithfully" presented figures on cost production to the International Tin Council.

He stated that "now more than ever" the solidarity of producing countries has been pledged and that this will become clear when together they all state their requirements before the CIE, also adopting necessary measures for pressure.

He observed later that the best way for the United States to help Bolivia, Malaysia and other tin-producing countries would be to recognize a higher price scale, particularly at the extreme top, since price demand at that level is reasonable owing to increased production costs, which in turn are the result of factors such as higher energy costs, increased inflation imported from consuming countries, diminished ore yields in underground exploration, and other countries.

Asked if any agreement has been reached on a proposed index of real prices for tin on the world market, Mr Leong stated that as minister he feels he

should not disclose beforehand any tactics in that regard, but that he could state his desire that adequate and remunerative prices for tin become a reality for tin producers; prices which would, at the same time, be fair for tin consumers.

GSA Reserves

In regard to the announced sale by the United States of strategic tin reserves, Leong stated that it was known that the House of Representatives has now approved the sale of 35,000 tons, with another 5,000 made available to the [Tin] Council's stabilization reserves, but it is not known, he said, when the Senate will approve it, and since any decision in that regard is strictly an internal affair of the U.S. Government, corresponding to its sovereign right, it would not be appropriate for him to raise objections to any law presented to the people of the United States; however, as a representative of a tin-producing country he does have the right to offer observations on the ways and means of selling U.S. strategic reserves. Further, the United States, "as a member of the International Tin Pact," should obey Article 43 of that agreement, so that it should consult the Council in regard to any proposed sale of strategic reserves. At the same time, such sales should not disturb the market or the climate for investment in producing countries.

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COB SPOKESMAN ANGEL ANDRADE INTERVIEWED BY SPANISH CP PAPER

Madrid MUNDO OBRERO in Spanish 18 May 79 p 6

[Interview in Madrid with Bolivian Mineworkers leader Angel Andrade by Spanish Communist Party paper MUNDO OBRERO]

[Text] Angel Andrade, European representative of the Bolivian Mine Workers Union, is in Madrid to participate in conferences organized by IEPALA and Spanish union organizations on the Latin American labor movement. He also is spokesman for the powerful Bolivian Workers Confederation [COB], heart of the workers movement in that country. He headed the committee which organized the indefinite general strike of 1976 and was a prisoner during the Banzer era, when he was harassed and tortured. Popular pressure forces his release, but he was handed over to the Pinochet government, in whose jails he remained for seven months. The fighting Bolivian mine worker speaks to MUNDO OBRERO of the situation in his country.

[Question] As in so many other areas of Latin America, rumors are again being heard of a possible coup d'etat in your country. What is going on in Bolivia?

[Answer] After the fascist takeover in 1971, repression was unleashed against the most militant sectors of workers, especially the miners, but also the textile workers, students and campesinos. However, we managed--albiet clandestinely--to revitalize the popular concepts of democracy, liberty, amnesty, etc. The government responded to this with a wave of repression.

Last year, after a breathing spell--a break toward democracy provided by the famous hunger strike begun by women and children and later joined by hundreds of people--workers achieved a general and unrestricted amnesty, the release of imprisoned men and the return of union property confiscated by the Banzer dictatorship. We also applied pressure for the withdrawal of the army from mining camps.

The reconstruction of the workers movement was then undertaken, both internally and externally. We miners undertook reconstruction from the ground up, and it culminated in the Congress of Peace in May 1978. Similar processes took place in other popular sectors.

In the elections of last July, one could notice the nearly total resurgence of the popular movement, except for the electoral restrictions which occurred in some sectors, especially in the countryside, where a "military-campesino pact" had been in effect since the era of dictatorship. These elections represented a show of support for the leftist front, which best represented popular aspirations. There were two leftist fronts represented, and an alternative represented by Banzer's protege, General Pereda. Then there occurred the electoral fraud denounced by international observers, and a new coup by Pereda. A great popular and workers protest took place, along with a huge demonstration by union organizations and the People's Democratic Union, the real winner of the elections, according to the international observers.

Shortly afterward differences arose among the armed forces, since some officers rejected the fraud, and this, coupled with the desire of the so-called "progressive" or "institutionalist" sectors to prevent more bloodshed, led to a takeover by General Padilla, who has called for new elections next July 1st and promised to hand over power in August.

[Question] Who backs Pereda, Banzer and company?

[Answer] The industrial and mining upper middle class, although the explicit support of the middle class goes to the alternatives of the "civilized right," among which that of former President Victor Paz Estenssoro stands out the most.

[Question] You support Padilla's position....

[Answer] Naturally. With the election there will be greater option to carry on our activities and those of the political parties. Workers are aware that there are outside forces, now hidden, that could again lead to an attempted takeover by militant fascists.

[Question] What would happen in that case?

[Answer] Given the present strong condition of the workers movement, an all-out response, using all possible means, would be made. Besides, there is the "institutionalist" sector of the army, which we were speaking of earlier. We don't know how far their attitude would go in a similar case, but we are constantly calling on them to back up in practice their declaration of support for popular aspirations.

Pluralist Union

[Question] What forces operate in the Bolivian Workers Confederation?

[Answer] There is a mainstream, among political opinions, favorable to the Popular Democratic Union, which contains the Bolivian MIR [Movement of the Revolutionary Left], the Hernan Perez Suarez group, the Bolivian pro-Moscow Communist Party, and other smaller groups. Also active in the confederation are many independent workers and comrades of the pro-China Communist Party, which, paradoxically, backs the "civilized right."

The most important characteristics of the labor movement of our country are its nonparticipation in any international bodies--although it maintains fraternal relations with all workers organizations of the world--and its unitarian and majoritarian character, since campesinos, students and professionals also participate in it.

Profound Economic Crisis

[Question] Describe for us briefly the economic situation in Bolivia.

[Answer] After the excesses of the Banzer era, characterized by the high prices of raw materials produced in Bolivia and the superexploitation organized by the dictatorship, we are now in a profound crisis. There is a foreign debt of 570 million dollars, and the balance of payments is running a huge deficit. Seventy-five percent of the economy is in the hands of the state, but Banzer did everything possible to transfer capital from the public to the private sector, notably lowering production in the former.

[Question] Is there any guerrilla movement remaining?

[Answer] At the moment, old-style armed insurrectionist groups have disappeared. A new fracas like those of years past would be very painful. We do not discount any method of struggle, but whatever we adopt must be linked with the people; it cannot be elitist. At the moment, armed insurrection does not seem to be the most possible way.

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CSO: 3010

POLL REVEALS SUPPORT FOR BRIZOLA TO ENGAGE IN POLITICS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jun 79 p 5

[Text] Sao Paulo--Thirty-two percent of the Brazilian population included in a poll taken by the Gallup Institute are in favor of allowing former Governor Leonel Brizola to return to the country with complete freedom to engage in political activity. Another 24 percent feels that the government should allow Brizola to return but prohibit him from engaging in politics.

Twelve percent of those surveyed feel that the government should agree to the return of the former governor of Rio Grande do Sul but that it should prosecute and sentence him for his actions in 1964. Another 20 percent believe that the government should not allow Leonel Brizola to return to the country, while 12 percent answered that they had no opinion on the matter. The poll was taken in March, but was not made public until now.

Less Well Known

Although 7 out of every 10 Brazilians have heard of Leonel Brizola, the former governor is less well known in the country than Janio Quadros and Jarbas Passarinho. Brizola's image is more positive than negative, and his political ideology is seen as more "laborite" than "socialist" or "communist." The former governor of Rio Grande do Sul is not identified as "subversive," and his political conduct has left behind the image of a "radical" rather than a "moderate" leader. In an attempt to determine how many Brazilians in all the states had or had not heard of Leonel Brizola, those surveyed were presented with a list of living Brazilian politicians who were active in politics before 1964.

The results show that 69 percent have heard of Leonel Brizola, but they also reveal that the former governor is less well known at present than former President Janio Quadros (90 percent) and the government leader in the Senate, Jarbas Passarinho (88 percent). In fourth position among the best known politicians is Deputy Ulysses Guimaraes, chairman of the MDB [Brazilian Democratic Movement], with 68 percent. He is followed by the former PTB [Brazilian Labor Party] deputy, Mrs Ivete Vargas (49 percent), and the

former governor of Pernambuco, Miguel Arraes (41 percent). In regional terms, Brizola is better known in Rio Grande do Sul (94 percent) than Janio Quadros is in Sao Paulo (93 percent) or Arraes in Pernambuco (79 percent). An interesting point is that Ivete Vargas is better known in Rio de Janeiro (60 percent) than in Sao Paulo (59 percent), where she is active politically. Ulysses Guimaraes is best known in Sao Paulo (82 percent). After Rio Grande do Sul, Rio de Janeiro is the state where the most people have heard of Leonel Brizola.

The Image That Remains

In order to evaluate Leonel Brizola's current image, interviewees who said they had heard of him were given a list of seven adjectives and asked to choose those best describing their image of that politician. Three adjectives are concerned with Leonel Brizola's political ideology, and they reveal that his image today is more that of a "laborite" politician than that of a "socialist" or "communist" politician. The other four adjectives form two pairs: Brizola is seen more as a "radical" politician than as a "moderate" politician; Brizola is seen more as a "patriotic" politician than as a "subversive" politician.

| | Percentages | |
|------------|-------------------|--|
| | All Brazilians | All those who have heard of Leonel Brizola |
| Laborite | 35 | 51 |
| Radical | 29 | 42 |
| Patriot | 25 | 36 |
| Socialist | 25 | 36 |
| Moderate | 17 | 25 |
| Subversive | 16 | 23 |
| Communist | 15 | 22 |

The poll reveals that about 4 out of every 10 Brazilians who have heard of Brizola feel that the "socialist" label serves to describe that political leader's political convictions up to 1964. But about 33 percent do not agree with that description. In Rio de Janeiro and Sao Paulo, a significant majority agrees in describing Brizola as socialist. Only in Rio Grande do Sul and Minas Gerais did a majority of those who had heard of Brizola decline to identify him as a "socialist."

In Brazilian towns with populations of less than 3,000, a great number of those who had heard of Brizola declined to describe his political ideas as "socialist." As the size of the town increases their number diminishes and more and more of those surveyed share the opinion that Brizola's political ideology can be described as "socialist." Of the Brazilians who have heard of Brizola, few describe his political orientation as "communist." Only 2 out of 10 persons feel that way. Rio de Janeiro, Rio Grande do Sul, and Sao Paulo show the greatest tendency not to agree that the description

of "communist" can be applied to Leonel Brizola. Only in Minas Gerais and Bahia do a large number of those who have heard of him feel that that description can be applied to his political convictions in the period preceding 1964.

The majority of the adult Brazilian population does not agree that the political conduct of the former governor of Rio Grande do Sul prior to 1964 can be described as "subversive." In Brazil, those most opposed to that opinion are the inhabitants of the states of Rio de Janeiro (61 percent) and Sao Paulo (51 percent), but that description is also opposed in other states, although by smaller percentages. There is no consensus among those who have heard of Brizola concerning the appropriateness of the term "patriotic" to describe his political activity before 1964.

Return After 15 Years

The majority feels that the government should permit Brizola to return. Of Brazil's entire urban population, 47 percent think so, while among those who have heard of the former governor, 68 percent are in favor of Brizola's return. The following question was asked: "Do you feel that the government should permit Brizola to return to the country or not?"

| | Percentages | |
|---|-------------------|--|
| | All Brazilians | All those who have heard of Leonel Brizola |
| The government should permit his return | 47 | 68 |
| It should not permit his return | 14 | 20 |
| No opinion | 8 | 12 |
| Never heard of Leonel Brizola | 13 | - |

A second question was then asked to determine how, in the opinion of those who know or have heard of Brizola, the government should act toward that former political leader. Four alternatives were presented: 1) he should not be permitted to return; 2) Permit him to return, but prevent him from engaging in political activities; 3) permit him to return, but prosecute and sentence him for his actions prior to 1964; and 4) permit him to return with complete freedom to engage in political activity.

The results show that the majority of those who feel that Brizola should be allowed to return also feel that he should be free to engage in political activities. Only in Sao Paulo and Parana is that opinion not shared by the majority. The interesting thing is that of those agreeing that Brizola should return with complete freedom to engage in political activity, the percentage is greater in Rio de Janeiro (39 percent) than in Rio Grande do Sul (35 percent)--the state where Brizola was born and which was governed by him.

This question was asked of those who had heard of Brizola: "Which of these alternatives do you feel the government should adopt in relation to Leonel Brizola?" The responses were as follows:

| All Brazilian have heard of Leonel Brizola | Brazilian states (percentages) | | | | | | |
|---|--------------------------------|-------------------|--------------|----------------------|-----------------|------------|------------------------|
| | National total | Rio de Janeiro | Sao Paulo | Rio Grande do Sul | Minas Gerais | Bahia buco | Other Parana states |
| Government should permit Brizola to return and allow him to engage in any political activity | 32 | 39 | 26 | 35 | 35 | 37 | 22 29 |
| Government should permit Brizola to return but prohibit him from en- gaging in political activity | 24 | 17 | 31 | 21 | 25 | 22 | 30 24 |
| Government should permit Brizola's return but try and sentence him for his actions prior to 1964 | 12 | 7 | 14 | 15 | 10 | 16 | 10 13 |
| Government should not per- mit Brizola's return to Brazil | 20 | 16 | 18 | 20 | 21 | 17 | 27 22 |
| No opinion | 12 | 21 | 11 | 9 | 9 | 8 | 11 12 |

NEW SAC PAULO MAYOR DISCUSSES CITY'S PROBLEMS

Sao Paulo C ESTADO DE SAC PAULO in Portuguese 4 Jul 79 p 40

[Interview with Sao Paulo Mayor Designate Reynaldo de Barros by Pedro Zan and Celia Romano]

[Text] The new mayor of Sao Paulo, Reynaldo de Barros, has--with the assistance of Sao Paulo State Governor Paulo Maluf--drawn up a plan to promote the interests of ARENA [National Renewal Alliance] politicians. The plan provides for the formation of a council--on which the public would be represented--that will select the public works projects most needed by the poorer districts of the city. One of those charged with forming this council is Nieto Martins, who has already been chosen by Maluf to be the future secretary of the AR's [Regional Administrations].

Under this plan, priority projects that do not require large-scale investment will be approved by the mayor designate and transmitted to the politicians, who will then announce them in the various districts of the city. "The city's residents have thousands of requests to make of the mayor," says Reynaldo de Barros, "and I cannot give consideration to all of them. With the assistance of the council we shall conduct a screening process, call in the politicians and say to them: "Now do your part."

Reynaldo de Barros is 48 years of age, has three children, is a rancher, is the former president of SABESP [Sao Paulo State Water Service], lives in "America Gardens," has various real estate holdings, and is a stockholder in the best known "strip tease" cinema in the city: the Aurea. Since his appointment was ratified by the Legislative Assembly the telephones in his office have never stopped ringing. The callers are politicians, friends, friends of friends--all trying to obtain one of the 1,300 jobs in the public sector that only the mayor can fill (with the assistance of Paulo Maluf).

When he was able to find a free moment, however, Reynaldo de Barros admitted--in an exclusive interview granted to O ESTADO DE SAO PAULO--that Sao Paulo city "is something that intimidates me" and that will in time "become almost ungovernable and unplannable."

[Question] Is it true that the mayor designate may have as many as 300 "confidential" jobs at his disposal?

[Answer] There are approximately 300 "confidential" positions and over 1,000 that are considered to be "unclassified" (that can be filled on a noncompetitive basis). It is difficult to fill these positions, because of the low pay scales offered by the municipal government--which does not pay the highest of salaries. I am having trouble finding people to serve in my cabinet.

[Question] Which positions?

[Answer] I contacted an applicant for the position of secretary of finance. "I'm an executive," he said, "and I live on my salary. How much will you pay me?" I told him he'd receive between 70,000 and 80,000 cruzeiros a month. "Well," he said, "where I work now I am paid 180,000." I had to find another applicant.

[Question] The mayor himself currently receives around 54,000 cruzeiros?

[Answer] More or less. Because of the salaries offered, the mayor can draw only from the ranks of retired persons; persons already involved in the public sector; and young idealists.

[Question] Do you plan to change this salary situation?

[Answer] That would be very difficult to accomplish. The salaries of the mayor and his cabinet cannot be changed, in view of the fact that the pay of the 66,000 civil service employees also is low. It is obvious that the problem is worsening at such a rate that the time will come when the only remedy will be to raise taxes to pay the salaries of the civil servants.

[Question] Do you plan to create any new secretariats?

[Answer] I don't intend to create any at all, nor even to merge any of the existing ones. I want to strengthen the Office of Coordinator of Social Welfare and transform it into an entity directly answerable to the mayor.

[Question] What about the regional administrations?

[Answer] I want to have more contact with the regional administrations, and to set up a council that will transmit the people's demands to the mayor. A

regional administrator currently receives 45,000 cruzeiros per month, and in this case too it is difficult to hire anyone who is not already an employee of the municipal government. With the assistance of these regional administrations we shall convene the presidents of the "Friends of the neighborhoods" associations and establish priorities.

[Question] What else is this council designed to do?

[Answer] The city's residents have thousands of requests to make of the mayor, and I cannot give consideration to all of them. With the assistance of the council we shall conduct a screening process, call in the politicians and say to them: "Now do your part." The object is to strengthen the hand of the politician. What I do not want is for the politician to use his influence to promote a project that can benefit only a small group.

[Question] With priorities being discussed at the council level, would the entire city then have its demands given consideration on a basis of equality?

[Answer] We need to see how this system will function, because each regional administration is comparable to a municipal government of a city such as Campinas. It's not an easy task. I can't transform the council sessions into mass meetings. The basic idea is to have the interested parties in a given neighborhood cooperate with me. Before bringing any individual into this system I want him to state his views. The council will be formed by the regional administrations, the secretary of the AR's and the mayor.

[Question] Mayor Clavo Setubal declared recently that in the outermost suburbs only two entities serve the population: the municipal government and the Church. What's your opinion on this subject?

[Answer] I had an initial meeting with Dom Paulo Evaristo Arns, the cardinal, and was impressed by the work being done among the poor. I told the cardinal that I would like to have the collaboration of his team, which works with hundreds of people and is interested solely in solving their problems. He made himself available for this type of assistance. Funds are limited, but the priority objective is the suburbs. I want to forget the downtown district.

[Question] What, in your opinion, are the problems of the suburbs?

[Answer] The suburbs developed basically from clandestine subdivisions which the municipal government was unable to prevent. I agree with President Figueiredo that clandestine subdividers should be imprisoned. Today, when the municipal government inspects the site of a new subdivision it's already become a social issue. There's nothing else to do but approve the project. They don't have electricity, water or sewers; they don't have anything. Some of these subdivisions spring up on hills and threaten to slide down onto the houses below.

[Question] What more can be done to control the growth of these subdivisions?

[Answer] You cannot pave streets in an area where these subdivisions have sprung up, because to do so is to reward those who have done something illegal. Orderly procedures, and patience, are necessary in order to determine which are the population nuclei that must be helped.

[Question] Since Mayor Clavo Setubal granted the most recent amnesty more than 100,000 legal actions have piled up in the regional administrations, awaiting amnesty. Has the granting of amnesty become routine?

[Answer] Amnesty, too, has wound up becoming an accomplished fact--an amnesty every 3 or 4 years. I believe that we today have many ways to speed up the slow pace of action by the city government. One of them is to photograph the city at frequent intervals. The Secretariat of Economy and Planning has excellent equipment for photographing the population nuclei that are springing up.

[Question] What will be done to resolve the suits that are pending?

[Answer] That's a good question. The solution may perhaps be another amnesty. The fact is, however, that you can't fight disease solely with a vaccine.

[Question] To combat this type of subdivision wouldn't a more efficient inspection program be sufficient? Or stricter laws?

[Answer] That's one of the questions I intend to put to the president of the republic at the first opportunity. Inspection is a very serious problem. I was satisfied with IPESP [expansion unknown] only after I concluded my inspection of that entity.

[Question] Do you have an idea of what you are going to find in that sector of the municipal government?

[Answer] The only idea I have is based on what people tell me. They tell me that there is a great deal of corruption--that the inspectors are easily bribed and everyone knows it. I believe them, because I have already known of a similar situation in the past. Inspection alone is not going to eliminate these illegal activities.

[Question] What about the problem of transportation?

[Answer] The Secretariat of Metropolitan Affairs plans to compel the creation of residential nuclei near industries, in order that the people can live near their work without the need for transportation. It's a medium- to long-term solution. For the short term there is the program for integrating the subway, railroad and buses.

[Question] How do you feel about the disappearance of the street cars?

[Answer] Just yesterday I was discussing this with a friend. He took the occasion to ask me how I will solve the transportation problem. My only fear is that I'm going to feel homesick for the street cars, in the midst of this dramatic fuel shortage that is enough to strike fear into our hearts. We need trolley buses, and traffic lanes that are reserved exclusively for them. Continuation of the subway project will require a great deal of time, because there is a shortage of funds. Trolley buses are the priority project for the very short term. The subway is the responsibility of the state and federal jurisdictions. The subway will be a priority project only if we obtain funds from abroad: I have the impression that nothing will be forthcoming from either the municipality or the state.

[Question] Would you terminate the subway at Tatuape?

[Answer] I'd set a slower pace for the construction of the subway. I don't know whether the state and the municipality are in a position to continue the construction work at the present rate.

[Question] If the mass transit companies are performing a public service, why aren't their fares subsidized by the federal government?

[Answer] As of the present moment I see no solution other than subsidized bus fares. I don't know how such an operation could be carried out.

[Question] Don't you think 4 cruzeiros 30 centavos is a very high price for a worker to pay in order to be able to ride a bus?

[Answer] Yes, I do. But even with the fare at 4 cruzeiros 30 centavos the CMTC [Municipal Mass Transit Company] is showing a loss. The deficit this year will come to 700 million cruzeiros.

[Question] Are you going to continue subsidizing the CMTC?

[Answer] Ideally, the sum of the costs of operation and maintenance would equal the sum of the fares collected, but in practice that's not the case. Besides the subsidy, one other solution would be a commuter pass for workers and an integrated ticket for bus, subway and railroad.

[Question] Are you in favor of the policy of staggering hours of work?

[Answer] Yes, I am. We tried to put it into effect but it didn't pan out.

[Question] Detran [Traffic Department] is currently licensing an average of 1,000 vehicles per day.

[Answer] That's a disturbing figure.

[Question] Yes, but the streets remain the same as before. Paving goes forward at the same pace, while the number of vehicles is increasing geometrically.

[Answer] One alternative would be to move the capital to another site.

[Question] Could this solve the problem?

[Answer] It's one more way to reduce the flood of people who are coming to Sao Paulo at an average rate of 200,000 per year.

[Question] But the rate of migration is small today by comparison with the birth rate.

[Answer] That's true. The increase in population comes to around 450,000 per year. It's logical for the migrants to come here, because they can receive public services here. The new "pole" would perhaps have the effect of diverting this flow.

[Question] Should there be a halt to Sao Paulo's growth?

[Answer] No; I don't think the answer is for Sao Paulo to come to a standstill. The city has grown in a disorganized manner and is going to become almost ungovernable and unplannable.

[Question] Is that just a guess?

[Answer] No, it isn't. SABESP has made a projection--using a relatively favorable index--that the population of Greater Sao Paulo will reach 24 million by the year 2000.

[Question] Don't you think the zoning regulations have to be reformulated?

[Answer] Zoning is indispensable to the orderly growth of the city. It is difficult to police this growth, however. Here is one example. Under the very nose of the municipal government there are avenues--avenues on which all commercial activity is prohibited--where, if you go there, you will find 500 business establishments. These illegal actions keep far ahead of the inspections, to the extent that if you go along some streets you have to wonder whether they are zoned commercial or residential. If you go to a river area and find that a tavern has been illegally opened there, 3 months later there will be 200 other cases just like it. Although Republica Liberdade Avenue is zoned exclusively residential you even have industry located there: the D. F. Vasconcelos plant, for example.

[Question] How is it possible to avoid this?

[Answer] The city government views the situation as an accomplished fact. It pulls out its little old zoning law, amends it and decides: "We'll make

another commercial corridor out of this street." This is the way it has hit on to get around the difficulty. After the street in question has been transformed into a commercial corridor, however, you have a new problem: the infrastructure is now inadequate to meet the new demands made upon it.

[Question] How can zoning be made respectable?

[Answer] Through stricter laws and through more vigorous and precise inspection. When the first case of an illegal action occurs in a given area, the inspection authority should impose a fine or get the illegal activity out of the area. The government will otherwise always be acting after the fact.

[Question] The municipal government now has an "inspector of inspectors" who works in the regional administrations, carrying out high-level supervision and advising the secretary.

[Answer] Yes, it won't be long until you have an inspector of the inspector of the inspectors. It's truly a problem.

[Question] Are you in favor of birth control?

[Answer] Yes, I am. When I had lunch with the German prime minister he told me that his country's population had decreased by 0.4 percent last year. I thought at the time: "How unusual! Here is a country where all the money collected by the government can be spent for the benefit of its people."

[Question] How can the problem of the shantytowns be solved?

[Answer] The problem of the shantytowns is another accomplished fact.

[Question] What are your thoughts concerning the 500,000 shantytown dwellers, the 500,000 tenement dwellers and the 500,000 workers who sleep at their work places because they have no home?

[Answer] Shantytown dwellers earn the minimum wage. To solve their problem it is not enough to remove them from the shantytowns: their families must be settled near their work places. When I say I am going to strengthen the Office of Coordinator of Social Welfare, my intention is to have it act not in a routine manner but rather with increased flexibility.

[Question] Will the new mayor continue to play the role of a fire fighter while continuing to contribute to the proliferation of shantytowns?

[Answer] In a city where the number of shantytown dwellers equals the population of a city such as Campinas, we must put out the fire. We are faced with a great conflagration. It accomplishes nothing to put pressure on 500,000 indignant shantytown residents. The Left makes capital out of such a situation. These are not my words: they are the words of Dom

Evaristo Arns himself. What we can do is build a road through the middle of the shantytowns so that trucks can enter and collect the garbage. Very little can be done for these people.

[Question] Couldn't the root cause of the problem be the very pattern of development that has been followed?

[Answer] That is true. I'm thinking only of what can be done now, however. We must put out the fire. That's the least we can do.

[Question] Will the most privileged sector of the population--those who live in the "gardens," for example--have to understand that the new mayor is not going to give them priority attention?

[Answer] They already know that. I myself live in the "America Gardens."

[Question] Does this represent the minimum that can be accomplished by a mayor who was not elected by the people?

[Answer] I don't find much difference between a mayor elected by popular vote and one not so elected. An elected mayor could be a demagogue. I'm not concerned with firecrackers and skyrockets, only with accomplishments.

[Question] Do you plan to join ARENA?

[Answer] No, I don't. Perhaps some new party, though, after it is organized.

[Question] Isn't it more difficult for a technical expert who has been chosen by indirect vote to appreciate the people's needs than someone who has actually been elected?

[Answer] I don't doubt that's true. I favor the direct election of the mayor. If possible, he should be on the same ticket with the governor. For inasmuch as the seat of the municipal government is the state capital the two governments should maintain a close relationship each with the other.

[Question] Has the mayor lost much of his power in recent times?

[Answer] Yes, he is losing much of his power, because the municipal governments do not possess resources of their own. A redistribution of tax revenues is needed. Of each 1,000 cruzeiros collected in the city of Sao Paulo at the present time, only 200 cruzeiros goes to the municipal government. The remaining 800 is apportioned between the state and federal governments.

[Question] Is there a solution that could at one and the same time increase the municipal resources and prevent real estate speculation?

[Answer] Yes; that's my first order of business: the progressive taxation of unoccupied land.

[Question] Taxation alone, however, is not enough. It lags behind the devaluation of the cruzeiro.

[Answer] It is indeed not enough. New instrumentalities are necessary.

A Novice Who Is Afraid of Sao Paulo

The new mayor does not like to be identified with his uncle, Adhemar de Barros, although he constantly praises him as "a man who has his feet on the ground and his head on his shoulders." It is very difficult to dissociate their respective images, because of the impression gained from the initial interviews granted by the mayor designate following approval of his nomination. He still lacks the technical and clever language of a political administrator, and instead simply and frankly says what he thinks.

He frequently employs diminutives and superlatives, and reinforces them by changes in intonation. The deliberate, low-key rhythm of his speech is broken by his voice, which is higher-pitched and more serious in tone. And Reynaldo knows when to use this technique, namely when he is expressing either disgust or admiration for a particular person or event. Sao Paulo's growth, he declares, is "insanity." The change in zoning, he says, has transformed Faria Lima Avenue into a "hideous thing."

But Reynaldo de Barros has changed since he was appointed by Paulo Maluf. In those days (which were also filled with many interviews with the press) the "almost" mayor displayed some difficulty in talking about the city, which he knew only from his tours of the water system operated by SABESP. The 5 months since his appointment have been devoted to the collection of information, the reading of technical literature, and formal conferences with secretaries of the cabinet and regional administrators. Today Reynaldo leaves virtually no question unanswered, although his responses consist mainly of personal opinions, and he still lacks a profound conception of the structure of the municipal government or an intimate knowledge of the very city he is going to administer. He has already said, however: "I shall do whatever I can to tame this monster."

Reynaldo will not even admit to his lack of preparation in certain areas, and goes so far as to ask that more

details not be demanded of him. He also reveals a lack of shrewdness in his contacts with the press, which he says is "always trying to get more out of me than I can tell it, and this sometimes complicates matters for me." He does not even succeed in expounding his ideas with sufficient clarity: he has not mastered the art of synthesis. Moreover, in an effort to avoid misinterpretations he makes excessive use of examples and justifications. He does this mainly when the subject under discussion is one of his favorites (as for example the suburbs and the people).

The new mayor, however, has already said that he is opposed to populism and that he prefers "austerity" to festive celebrations. When in conversation, though, he tends to forget the niceties of formal speech, and in this respect displays the characteristics of someone from the interior of the state even though he is originally from the capital. The clandestine subdivider, he says, operates "under the very nose of the city government." Zoning, he says, does not prevent a "grogshop" from springing up on a street corner. At other times he simply manifests his reaction by interjecting a spontaneous "man alive!" This manner of saying what he thinks--and what he hopes for the next 4 years--is also exemplified by his remark that "the city of Sao Paulo today is something that intimidates me."

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BRAZIL

COMMUNIST LEADER IN EXILE VOICES VIEWS

Rio de Janeiro O GLOBO in Portuguese 1 Jul 79 pp 8-9

[Interview with Brazilian Communist Party Secretary General Luis Carlos Prestes by Claudio Kuck, in Rome and Paris; date not indicated]

[Text] In connection with the 80th birthday of Luis Carlos Prestes, O GLOBO authorized its correspondent Claudio Kuck to seek an interview with the old communist leader, which could provide an extensive statement on his public life in his 55 years of militant activity.

Contacts were made in various parts of Europe before Prestes agreed to talk with O GLOBO. Finally he expressed willingness, but demanded a promise in advance that we would publish the interview in full. At first he was very reluctant, even warning our correspondent in good humor during one of their meetings that he should not convert the informal talk they were having into an interview: "You see," he said, "I am not giving an interview. You are not going to do what those reporters from FOLHA DE SAO PAULO did with Figueiredo, talking with him and then publishing it all as an interview. You'll see that I'll deny it as well...." Finally, he accepted the 57 questions (some of them complex) submitted by O GLOBO, and returned them some days later having set aside 39 and answering only 18.

He set aside all the questions of a historical nature, saying: "This is in the history books, it suffices to look and see what I said and did. You can do that. What is of interest is what is happening and what remains to be written."

When he returned his answers, moreover, Prestes expressed readiness to talk at a little greater length, an opportunity of which Kuck took advantage to insist on certain questions in the written questionnaire which he had not answered. Prestes responded naturally, leading Kuck to comment: "He was much more impassioned and adamant about the world situation and that in Brazil in his written answers than he proved when speaking of the same subjects in ordinary conversation. He does not talk in worn-out and threadbare cliches, as might be expected from his written answers." When they said goodbye, he gave warning again: "You'll see to it then that this interview is published? And in full?"

Claudio Kuck hastened away to the nearest cafe (the last meeting was in Paris) to put down in writing as faithfully as possible the dialog which had just ended.

Some time has passed since then. The commitment to publish in full demanded by Prestes earlier suffered some prejudice due to his decision, which had not been announced at that time, to make of his interview a document of pure political propaganda, instead of the statement requested. As no date was set for the commitment, the interview was held for a better time, which has now developed, since Luis Carlos Prestes, the name heading the initial list of those suspended by the revolution, sees a prospect of benefiting from amnesty granted by President Joao Figueiredo.

Since the informal talk was considerably more interesting than the written interview (which was characterized by the old cliches of the communist leader), we decided to give it featured treatment. We also deem it desirable to publish the list of questions Prestes did not answer, and they are all here.

Prestes is in Russia now recovering from an operation for cataracts, and according to his wife, Dona Maria, is doing well. She spoke to O GLOBO last Thursday to report that despite the amnesty, Prestes does not intend to return to Brazil "while the National Security Law remains in effect." And Dona Maria added: "Amnesty is fine, but with this law in effect we cannot think of returning."

In our two meetings in Rome and then Paris, the old communist leader Luis Carlos Prestes spoke of many things. We talked about his family, his exile, his military life, Getulio Vargas, the lieutenants, the 1964 movement, redemocratization, his famous Column and many other things. The following is a summary of what he said.

[Question] What is your life in Moscow like?

[Answer] I am always giving lectures, seeing comrades, doing things. I also travel a great deal. This year I went to Bulgaria, Greece, Italy, France and Yugoslavia to participate in congresses and political meetings. And shortly I will travel to Cuba, and also to many other places before the end of the year.

Prestes is living in apartment KB 69 at number 9 Gorki Avenue in Moscow. He does not have his own car, but the state makes one available to him. He is an official guest and has every facility for his work. He dresses simply, almost never wearing a tie. He is married to Dona Maria Ribeiro, the widow of a Sao Paulo labor leader killed by the police in Santos in the time of Governor Ademar de Barros. The couple has two children who are there in Moscow, along with two others from her first marriage.

[Question] Have your children adapted well in the Soviet Union?

[Answer] Quite. They speak good Russian, are studying, have good friends and grades, but just the same they would like to be living in Brazil. They like Brazilian music very much too. They are young and they are always receiving the latest music from Brazil and they popularize it all. They are great promoters of our music and the Soviets like it. Just recently there was a protest song festival, and they won with an interpretation of their own compositions in Portuguese. First they explained the lyrics in Russian. I think that they have Russian versions of various Brazilian musical successes.

We asked about his childhood and why he entered military school. He said he was born in Porto Alegre on 3 January 1898, the son of Lt Antonio Pereira Prestes (a positivist) and Dona Leocadia Felizardo, but that they soon went to Rio de Janeiro, moving almost constantly because of his father's transfers. The family was poor and was in a worse situation still when the father died in 1908, when Prestes was only 10 years old. He had the option of entering the military school, which was free and where officers' sons had preference. As is known, his grades were always brilliant and his record is one of the best ever up to the present at the military school. In 1920 he graduated from the Realengo Military School as an engineering lieutenant. Among his comrades were Juarez Tavora, Siqueira Campos, Carlos da Costa Leite, Eduardo Gomes, Cordeiro de Farias and Newton Prado--the generation which produced the "18 of the Fort" and the "lieutenants." In Realengo too he was a top-ranking student and leader. He regrets that he was unable to participate in the uprising on 5 July 1922 because he was ill with typhoid fever. Subsequently he was transferred to Rio Grande do Sul.

[Question] Why did you ask to resign from the army when you were only 26 and from every indication would have had a brilliant military career ahead of you?

[Answer] In fact I was in the military a very short time. I think it was because I was always a rebel, and could never keep quiet about injustices. I could not manage it. I became a lieutenant in 1920 and already in 1924 I submitted my resignation from the army because, in the assignment they gave me in Rio Grande do Sul, supervising the construction of barracks, I reported the maneuvering and dealing of all kinds which was going on there and no one would listen. I protested, I sent reports and complaints and got no response. I decided to go to Rio, without authorization, to report orally, but they would not listen to me there either. Instead, they sent me off to direct a section of railroad construction in the mission region of Rio Grande do Sul. Shortly thereafter I decided to resign. When summoned to Rio, I went to talk with Capt Jose Bentes Monteiro, who must have been the father of this Euler who now wants to be a candidate in Brazil. He was on the staff of Calogeras, who was then minister of war. He wanted to know the reason for my resignation and I explained it all in detail--my work, and the shady dealings I could not fail to report. In the end, that was how it was left and I abandoned the army, although not my military comrades, who continued with me in various revolutionary movements against that whole state of affairs.

On 5 July 1924 there was an uprising led by Gen Isidoro Dias Lopes and on 29 October Prestes led a rebellion of the railroad battalion which had been under his command and then decided to go along with the other revolutionary troops. On 12 April 1925 there was a conference of the revolutionary leaders. Prestes suggested a long march through Brazil to seek support and attack the government. As a result, the movement which went down in history as the "Prestes Column" proceeded throughout the interior of Brazil for two years and three months. It is said that they marched 24,000 kilometers, but Prestes gives assurance that it was 36,000.

[Question] What were you seeking with the Column? How did it contribute to your development, your later support of Marxism-Leninism?

[Answer] In the Column, after so much time had passed, I had to realize that we were very naive. We knew nothing of ideology or sociology, nothing. We knew that we opposed injustice, that we wanted a just state and an end to the old oligarchy, but we had no idea how this could be achieved or how to create change. But during the long march I saw so much misery, illness, I felt how our people really live, their terrible conditions. This really revolted and changed me. It changed me greatly. Some others went over to the other side later, forgetting what they had seen. Not I. I could not forget what I had seen and felt. Nor could Siqueira Campos, who remained always on the side of the people as well.

[Question] What were the battles of the Column like?

[Answer] Gois Monteiro said that I always avoided battle and fled, and that I was not a warrior, that I did not wage war according to his manual. He only understood battle in terms of the books, the classic manuals and many other works. And obviously, we had no ammunition and we were forced to act thus. With time we adapted our combat technique to the conditions we found and the resistance we encountered. The man who understood this very well was Gen Bertoldo Klinger. He waged battle against the Column and he knew we did not have much ammunition, and for this reason he used trucks rather than the classic trenches in order to have greater mobility in pursuing us. However we went into the forest where the trucks could not follow and they were unable to detain us.

In February 1927 Prestes went into Bolivia with his Column of 620 men, while Siqueira Campos went with another group of 65 to Paraguay. He lived in exile in Bolivia, going later to Argentina, where he established contact with such communist leaders as Rodolfo Ghioldi and others. Many emissaries visited him during the preparations for the 1930 revolution, and the military leadership of the movement was even offered to him. However he refused. He said that he already felt that his would be a different path, "seeking more radical changes and not simply a transition from one oligarchy to another." To the point that he declared himself a communist in an open letter dated 12 March 1931. He lived for some years in the Soviet Union and then returned to Brazil to participate in the 1935 revolt. He was arrested and spent nine years in the cells of the New State of Getulio Vargas.

[Question] One of the subjects most debated in Brazil has always been your attitude toward Getulio Vargas, mainly your alliance with him after the episode involving your wife Olga Benario. What is your version of these events, your view of Getulio?

[Answer] I do not want to speak of individuals, for I might cause hurt by stating the truth about many people. This would not be a good political position at the moment. For example, there are many people now who want to deify Getulio again. As for me, they call me insensitive, a traitor, because I reached an agreement with him, the man who was the murderer of my German wife Olga, whom he sent to Hitler's concentration camps. But there was no other way, and those opposing Getulio in that era were even worse than he. It was very important that Brazil immediately abandon its love affair with the Nazis and Fascists and fight on the side of the Allies. Moreover, our communists were not bold enough in 1945 after the coup to go and talk personally with Getulio in Sao Borja, to suggest an alliance and see what could be done. Getulio's prestige with the workers' class was tremendous, so great that when Getulio ordered them to vote for Dutra, many of our worker members went to the party headquarters in Sao Paulo to turn in their registration cards and the ballots for Yeddo Fiuza, saying that they could not vote for him because Getulio wanted Dutra and they were with him. But nothing, absolutely nothing can excuse his crimes.

[Question] Why didn't the PCB [Brazilian Communist Party] support Getulio in the 1950 elections and in his second government? He even denounced imperialism in his famous letter testament, did he not?

[Answer] By 1950 we were already engaging in self-criticism and we debated this matter at length at our congresses. In fact we were wrong in failing to support him, and by the end of his government he was in fact nationalist. And at the polls the Brazilian people did what we communists should have done, supporting him. But I say again, none of this alters his tremendous guilt or excuses his crimes.

[Question] Why did you and the PCB fail to support the candidacy of Brig Gen Eduardo Gomes?

[Answer] In that era I sent a letter to Dutra through a councilman whose name I do not recall, proposing that elections be held and asking if Dutra would guarantee the legality of the PCB if this should happen. He answered in writing--I have kept the letter to this day--saying that yes, if there were law and order, there would be nothing against a legal status for the PCB. I also wrote to the brigadier general, who failed to answer, nor did he summon me to talk with him. Then, although I had not been invited, I went to his home in Catete. Juarez Tavora and Cordeiro de Farias were there. They were somewhat embarrassed and crestfallen. Throughout the time I was kept in prison by Getulio, they, who now claim to oppose him, had advanced in their careers thanks to Vargas himself. From the conversation I saw that all their intentions were directed toward a coup. I proposed

legality for the PCB and elections. The brigadier general said under Vargas, free elections were impossible. Cordeiro took his hat and left on some pretext, just as I was saying I saw no point in ousting Vargas to the benefit of whom--Linhares, the president of the Supreme Court who in the Vargas and New State era was appointed by Vargas himself? The elections came and the proof that they were working toward a coup is that they were not prepared for the elections, for they were planning only a coup and were not in a position to wage a real electoral campaign. The people did not want them. They represented North American interests. The brigadier general was the candidate of the U.S. embassy. The people did not believe in him.

Prestes further said that among his military colleagues he always criticized the coup technique, and that the lieutenants of 1922 became the promulgators of the coups in 1945 and 1964.

[Question] What was your life as a prisoner under the New State like?

[Answer] They tried to make my life as difficult as possible. They did not allow me books, they censored my letters, they would not give me paper or a pen, and there was physical and moral torture. When the Nazis reached Paris and France fell, they took me into a room where there were newspapers on the table reporting these events and the Nazi victories. And they left the window of the room open, staging a whole scenario to simulate my suicide. In other words, they tempted me to bring about my own end.

Prestes emerged from prison in time for the 1945 electoral campaign and the short two-year period (until 1947) out of its total of 56 years of existence in which the Brazilian Communist Party was entirely legal.

[Question] The PCB emerged from clandestinity in 1945 to achieve relative success in the elections, with nine percent of the vote, electing 14 federal deputies and you as senator. To what do you attribute this vote?

[Answer] It was a moment of relief, of jubilation with the victory over the Nazis and the success of the Soviet troops against Hitler contributed to this. In fact, we elected 16 deputies, 14 and 2 others, since I was elected federal deputy for Sao Paulo, Rio de Janeiro, Pernambuco, Rio Grande do Sul and the Federal District, as well as senator for the Federal District. Obviously the image of the era of the Column also contributed to this result. We showed that if the people were allowed to vote freely the PCB would have success, but then we launched our campaign for a million votes and the reactionary forces were frightened, so that they made us illegal again.

[Question] The history books say that the short period as a member of the constituent assembly was not easy for you, or for Carlos Marighela and the other Communist Party deputies elected at the end of 1945. Your colleagues in the Congress, such as Prado Kelly, Juracy Magalhaes, Daniel Faraco, Batista Luzardo, Glicerio Alves, Hamilton Nogueira, Ataliba Nogueira, Segadas Vianna and others were always trying to place you in a position where you had to choose between Brazil and the Soviet Union, isn't that true?

[Answer] In fact this happened constantly. We had to divert our attention from the most important discussion in that era, i.e. the achievement of a truly popular and democratic constitution, to demonstrate that we were Brazilians and not Russians. There was even a famous discussion about what side I would take in the event of a war between Brazil and the Soviet Union. A completely irrelevant and senseless question. Once another congressman, I do not remember who, but I think it was Hermes Lima, even said: "You members of the Constituent Assembly are insisting that Mr Prestes be a professor in Russia." But I think that our party made its contribution, despite the reactionary forces which prevented the achievement of a truly popular and non-oligarchic constitution.

[Question] What personalities impressed you most?

[Answer] As I have already said, I do not want to analyze any personality, because I do not believe this is the time for criticisms and views which might lead to a lack of unity. However even so I would say that one of those who impressed me most and whom I regard as one of the greatest of those I have known and shared experience with is Campos. Truly he was a great patriot, but not one of those of the yellow-green variety, no. He was a true, positive patriot, an honest man of character, fairness, courage and integrity. When I issued my famous manifesto which caused such an uproar, he was the only one of the former comrades in revolutionary struggle who came to discuss the matter with me. And we talked non-stop for 10 days. We had violent but sincere disagreements. Then he went to Sao Paulo and he asked me to wait 15 days before publishing my manifesto. He said that I would cause a rebellion in the country. And he made bombs, buying pieces of pipe which he filled with dynamite. Then he arranged for a guard on the houses of democratic politicians in the opposition. He said that if they talked against the government, they would have to have the courage to proceed to action as well. The truth is that all the other "lieutenants" and revolutionaries of that time went over to the other side in the end, agreeing to exchange one oligarchy for another, except for Siqueira Campos, who remained faithful to the people and their sufferings to the end. He was a very sarcastic individual with a fine sense of humor. Many were afraid of him and they feared him because they did not know when he was serious and when he was joking, whether he was simply having fun with him, such was his sarcasm.

[Question] But what about someone, perhaps in Brazil's more recent history?

[Answer] Another Brazilian who is one of those I most respect and admire is the Catholic attorney Sobral Pinto. He is a notable man. He defended me when I was in prison under the New State, despite the fact that I did not seek his defense. But he was not just a superficial attorney as often happened in that era. He really was honest, although we had entirely different ideas. We talked and discussed a great deal, perhaps trying to convince each other. In that era those discussions were very good for me, except that I could not convert him to communism and he could not make me

a Catholic. But we understood each other. One time the deputy commander of the Special Police was present during one of our talks, when I was supposed to make a deposition and provide testimony for Sobral, my lawyer, to use in my case. But they would not let me present anything written. I took the paper and began to read, the beginning of my statement being an attack on the Special Police. Two police agents leaped at me, but I tore the paper away and threw it out the window. Sobral Pinto was furious and he too attacked the police. He protested energetically, in indignation that his client had been attacked without justification right in front of him. Really a worthy man. I am grateful to him. But I admit that he is very contradictory. He always struggled against injustice, openly and liberally, but just recently he opposed an advance in our society, the divorce law.

[Question] What recent event in Brazil has impressed you most?

[Answer] Without a doubt this strike in Sao Paulo. It is really an incredible step. Not even in the days of Jango did the state enterprises themselves pay for strike days, as is happening now in the ABC [Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul] districts of Sao Paulo. And the government took no repressive steps. This is the most important thing which has happened in Brazil in recent times. And they added the wage bonus, in complete violation of the government wage policy.

I showed Prestes some of the photographs taken in Rome and he laughed. "They are interesting, but I look more like a tourist in Rome on vacation. See if they don't talk now in Brazil of the golden exile and things of that sort," he commented.

I said that it would be a matter of Moscow gold, and he laughed at length.

Prestes then said that the repression of the Brazilian Communist Party was much worse under the Geisel government than in the Medici days.

"They always say that the Medici government was the most repressive," he commented, "but without a doubt, for us communists, the worst was the Geisel government. To the extent that we had to take a third of our Central Committee outside the country, and we should have sent out many more people."

[Question] You are 80 years old and already accustomed to life in the Soviet Union. Do you still think of returning to Brazil one day?

[Answer] Exile is the most terrible thing there is. I have already spent a large part of my life in exile and now I have been outside Brazil again since 1971. Obviously my dream is to return to Brazil, even at 80-odd years of age.

The Written Interview

In the interview Secretary General of the Brazilian Communist Party Luis Carlos Prestes gave O GLOBO, he stressed mainly international themes and Brazilian events. He did not want to go into detail about the intensive historical period between 1920 and 1950 when he was an outstanding figure or to speak about or give opinions on other major figures of that era. He said that his opinions about various Brazilian leaders might lead to polemics which would be undesirable at the present time.

He said he favors a constituent assembly and admitted that the events of 1964 took the PCB by surprise. He also attacked the ultra-leftist groups which rob banks and kidnap ambassadors. But before answering the first question, Prestes made a point of making the following statement.

Prestes: In answering some of the questions asked me by O GLOBO, I want to state the following at the outset. I am a leader of the Brazilian Communist Party and as such I must first of all set forth the position of my party as to the political regime which is found in Brazil today. With the military coup of 1964, a military dictatorship serving the domestic and foreign monopolies, particularly U.S. monopolies, was established in Brazil. The documents proving the support and direct aid given to those who brought about the 1964 coup by the United States government of that time, some of them written by Brazilian newsmen, are now well enough known. With the increasing resistance of the Brazilian people to the policy of military dictatorship, it adopted ever more reactionary and fascism-oriented measures which led, with Institutional Act No 5, to the establishment in our country of the military dictatorship which is now headed by Mr Geisel. It should be noted that modern fascism can no longer take the same classic forms as the fascism of Hitler and Mussolini did. It needs to masquerade as democracy, in other words insofar as possible to maintain a parliament which decides nothing, to hold elections, to afford itself the luxury, as it does in Brazil, of replacing the dictator periodically--in other words, one general instead of another, always chosen from the inner group, but also enjoying the confidence of the monopolies and, more particularly, of the Pentagon and the CIA in the United States. But if the form of fascism has changed, its essence continues to be the same, as defined as early as 1935 by the Seventh Congress of the Communist International. "... Open terrorist dictatorship by the most reactionary financial capital..." In the Brazilian case, it is U.S. financial capital. In the almost 15 years which have elapsed since the 1964 coup, many crimes have been committed by the generals' governments which have followed one after the other in power. Thousands of persecuted Brazilian citizens have been compelled to live abroad and as many more were arrested and barbarously tortured, many of them to death, as happened with the young communist Jose Montenegro de Lima in 1975. Even today Mr Geisel still does not want to tell us the whereabouts of the communist leaders--David Capistrano da Costa, Valter Ribeiro, Luis Maranhao Filho, Joao Massena de Melo, Elson Costa, Hiram Lima, Jaime Miranda, Itair Veloso and Orlando Bonfim --who were kidnaped in 1974 and 1975 under his government, and who have

disappeared. If the executioners in his service killed them, let their bodies be delivered to us and the crimes they admitted confessed.

Prestes did not wish to answer the first two questions pertaining to his family and military background, moving directly to the third question, which was as follows.

O GLOBO: As to the army, you have always in earlier statements and, mainly, when you were a Republican senator in the era of the Constituent Assembly, stressed the democratic nature of the Brazilian army. Now that the military have been in power since 1964, what is your position with regard to this same army?

Prestes: It is true that I always stressed the democratic nature of the Brazilian army. In our view this derives basically from the class origin of the majority of its regular cadres. Its officers and sergeants come in large part from the poorest petit bourgeoisie. We should not forget either that, in order to transform the army, or rather the armed forces as a whole, into a pretorian guard for the military dictatorship imposed on the country by the counterrevolutionary military coup in 1964, more than 5,000 officers and sergeants were expelled from the ranks. It is true that within the army there were dozens who agreed to become hangmen and torturers and that the High Command became a tool of the domestic and foreign monopolies, thus becoming accomplices to an important extent in the savage exploitation of our people by the big Brazilian capitalists and estate owners, in association with the foreign oppressors. But it would be an error even now to see a homogeneously reactionary and fascist whole in our army. The majority of its regular cadres are made up of patriots who, despite the fact that they were educated in bestial hatred for communism, will in the end--as the impoverishment of the middle strata of the population of our country becomes more acute, as the struggle of the workers' class against the present regime intensifies--break the bonds of discipline and rank which link them with the current regime to participate in the struggle against the imperialist yoke and for social progress. Moreover, some demonstrations along these lines have already occurred. For this reason, we communists have in all our documents urged the military as a whole to struggle, to join in unity with all the patriots and anti-fascists. The regime for which we are struggling and that to which Brazilian citizens aspire should guarantee the armed forces an important role in the building of democracy and the defense of the sovereignty of the people.

Prestes then declined to answer 23 questions pertaining to the Copacabana Fort uprising in 1922, the "lieutenants" movement, the 1924 revolt, the founding of the PCB in 1922, the "Prestes Column," his adherence to Marxism-Leninism, the 1930 revolution, his departure for the Soviet Union, the establishment of the National Liberating Alliance, the 1935 revolt, the rise of fascism in Brazil, the Getulio Vargas era, the New State, his prison experience, and the war. He then answered the following questions.

O GLOBO: In the World War II era, you defended the convocation of a constituent assembly and amnesty, the same possibilities as are being discussed in Brazil today. What is your view? In that era you asked for broad amnesty for all political prisoners except "naturally, spies and proven fifth columnists" (the word used by Prestes at the time). What is your position as to broad amnesty in Brazil today? Do you agree with those who say that it should be total and reciprocal?

Prestes: In 1945, we did in fact participate in the struggle for amnesty, but faced with the threat of a military coup planned by the UDN [National Democratic Union] with the open support of the then-ambassador of the United States, Mr Adolfo Berle, and the provocative urging of a broad and unlimited amnesty by Mr Carlos Lacerda, which he knew would not be viable so long as General Dutra was minister of war, we replaced that slogan with a simple "Freedom for the political prisoners." And this was what we achieved on 18 April 1945, which was not effectively an amnesty. Today we are struggling for broad and unlimited amnesty. And although we have no interest in demanding that it be reciprocal, since it is not for us to struggle for the interests of the hangmen of the reactionary regimes, we go farther when in our party documents we state specifically that we are in no way "revanchist." We are persuaded that this is a just political position for the moment in which we find ourselves.

Prestes then set aside the questions concerning his support of Getulio Vargas despite what he suffered at the hands of his police force and the fact that Vargas sent his wife Olga to a Nazi concentration camp, where she died. He proceeded to the next question.

O GLOBO: Why did you support Getulio Vargas in office during that era of struggle for the constituent assembly? In your view, could there be any historical link today between a constituent assembly and Geisel? Many people are talking about this in Brazil. What is your view and position?

Prestes: Despite the fact that it has been repeated for many years now that the communist struggled for a constituent assembly with Getulio Vargas in 1945, this is not true. It was the laborites and the Vargas faction which adopted this slogan. The communists fought only for the election of a constituent assembly. At the current time we are in fact urging the convocation of a constituent assembly, but we are stating expressly that it can only represent the interests of the Brazilian people following the prior achievement of amnesty, the democratic freedoms, free discussion and free expression of thought, in other words, the fall of the present regime, and therefore Mr Geisel's tyranny. Returning to the matter of 1945, it should be stressed that even before World War II ended, democratic freedoms and free organizations for political parties had been won, and immediately after the release of the political prisoners, a legal status for the Communist Party was achieved.

O GLOBO: In your view, could there be a democratic opening in Brazil with a more drastic break, as was the case in Portugal and Spain, including the legalization of the Communist Party, or would it come about in a slower and more gradual fashion? What experience can Brazil derive from the Portuguese and Spanish models?

Prestes: Naturally we study the experience of other peoples to draw lessons which may be useful for us. The examples of Portugal and Spain, as well as those of Greece and other peoples which, after many years of oppression, have overthrown fascism, certainly give us assurance that our people too can overthrow fascism. However we cannot at the present time, even on the basis of this rich experience, say either when or how this will come about. Everything depends on the development of the balance of forces, of the extent to which we succeed in organizing and strengthening the anti-fascist forces, as well as the degree of resistance which may be offered by the regime. At the present time the instability of the regime and the isolation of the dictatorship are increasing, and on the other hand, the forces struggling for democratic freedoms are growing, as is demonstrated by the student movement, among other important developments, and more recently, by the great workers' strike in the Sao Paulo ABC. It is still difficult, however, to achieve the necessary coordination among the various factions in public opinion demonstrating their opposition to the arbitrary action and totalitarian authoritarianism of Mr Geisel. Although already considerably weakened, he can still counterattack and he does, as happened last year with the so-called "April packet." As to the experience to be drawn from the so-called Portuguese and Spanish models, I would like to discuss only the main aspect. Both in the case of Spain, where there was no profound change in the old fascist state apparatus, and even in Portugal, where there was a revolution, while the workers' class--the only consistent force in the struggle against the monopolies--did not win hegemony, a political regression is always possible, as can now be seen under the present government.

Prestes then declined to answer 12 questions pertaining to the period of legality for the PCB, his electoral success, the parliamentary experience, the personalities of the era, the candidacy of Yeddo Fiuza, his failure to support Getulio Vargas in 1950, the 20th Congress of the CPSU and the criticism of Stalin, the Kubitschek government, the support of Lott by the PCB, and the Janio Quadros government. He then answered the next question.

O GLOBO: Were the events of 1964 inevitable, in your opinion? Did those events catch the PCB by surprise?

Prestes: The events of 1964 had objective causes. The Brazilian economy had entered into crisis and a situation had been reached in which in order to pursue capitalist development it had become indispensable to replace the existing socioeconomic system by a certain type of state monopolistic capitalism. In order to guarantee their profits, the monopolies needed to place the state authority fully in their service, to prevent the workers' class from pursuing the struggle for better wages and other advantages. As

for us, the communists, we were without a doubt taken by surprise by the coup and due to the leftist positions we adopted and the fact we had not criticized the ultra-leftist positions of many people, we contributed to precipitating the clash of the progressive forces with the domestic reactionaries allied with U.S. imperialism, when we were still far from a revolutionary situation. This facilitated the triumph of those promoting the coup, in other words the counterrevolutionaries, who sought to block the paths to socialism and to guarantee the development of capitalism in our country for some time longer. At the Sixth Congress of our party, held in complete secrecy, we had already engaged in criticism and self-criticism concerning that event.

Prestes declined to answer yet another question pertaining to his personal views about such personalities of that era as Brizola, Lacerda, Adhemar de Barros, Magalhaes Pinto, Jango, Castelo Branco and Arrais. He proceeded to the next question.

O GLOBO: What is your explanation of the creation of the so-called "Broad Front" and the support given it by the PCB, in alliance even with Carlos Lacerda?

Prestes: In its constant struggle for democratic freedoms and the interests of the workers, our party has always made efforts with a view to unifying all the political positions taking a stand against the reactionaries and desiring to participate in actions against the common enemy, at each historic moment. If political forces against which we have waged battle change position and can contribute to broadening the single front for action against the reactionaries, even if it be only to take one step with us, we will never hesitate to advance together with them. In the case of the so-called "Broad Front," it was not we communists who changed, but Mr Carlos Lacerda, who supported the 1964 coup and later, for reasons which only he could explain, turned against the government of the generals who promoted the coup. And precisely for this, he lost his political rights in the end.

O GLOBO: In your view, might the Broad Front have avoided Institutional Act No 5, or did it serve to precipitate it?

Prestes: In politics one cannot reason on a hypothetical, conditional basis of "if." But we must admit that, however minor its role, the Broad Front contributed to developing mass actions against the dictatorship and it was these actions which frightened the dictatorship. With Institutional Act No 5, the dictatorship sought to contain the growing resistance, opposition and struggle of our people against the reactionary regime imposed by the 1964 coup. Despite the reactionary nature of the 1967 constitution, or semi-fascist as we called it at the time, it had already begun to make the defense of the interests of the domestic and foreign monopolies more difficult. As a result of the growing movement of the masses for freedom and the release of the political prisoners, the Federal Supreme Court had already begun to release them and, what is more important, the Parliament did not reveal much willingness to approve the laws of a financial nature

which Mr Delfim Neto wanted to guarantee greater profits for the domestic and foreign monopolies, and mainly for U.S. bankers and financial capital. Mr Costa e Silva achieved all this with a simple stroke of the pen, when he signed Institutional Act No 5. The most reactionary regime in the nation's history was established, and the military regime imposed took one more step along the path toward fascist totalitarianism with the military junta of 1969 and the changes introduced in the constitution.

O GLOBO: There were various attempts at armed resistance to the military government, above all after Institutional Act No 5. Why did the PCB condemn this type of action? Do you believe that later event showed that this policy on the part of the PCB was the proper one?

Prestes: In fact, we criticized the ultra-leftist groups which robbed banks, kidnapped ambassadors and spoke of creating centers of armed struggle and guerrilla forces in the rural sector or even the cities. We favored a difficult ideological struggle as opposed to this tactical orientation in the struggle, within the ranks of our party as well, where such trends also developed. At the time we stressed that only the great masses led by the workers' class, organized and united, were in a position to overthrow fascism. But this required an arduous and slow effort along with the workers in the struggle for their most immediate claims. We also sought to show that subordinating the tactic of struggle against the dictatorship to a given form of struggle, in this case armed struggle by small groups isolated from the masses, was an error. In the end it would serve the purposes of the reactionaries themselves, as has already been demonstrated throughout the world. We realize however that the numerous groups which developed then included a number of honest and combative individuals, but that the very form of action they adopted meant inevitably that they would join with adventurers capable of every folly. It seems to us that the practice in the years which followed has already shown who was or is right. The ultra-left has practically disappeared in our country now with the assassination of its main leaders by the reactionaries. Our party, despite the harsh blows it has suffered, particularly since 1974, continues to be alive and active and is already welcoming into its ranks many of those who let themselves be carried along by the partisans of the ultra-left. And now it is beginning to be visible that the work done by the communists in an effort to awaken the popular masses to resistance, opposition and struggle against fascism is beginning to produce its fruit. The workers' class in our country has moved little by little from the struggle against the wage squeeze to the "turtle" strikes, the so-called "Operation Enthusiasm," the use of the vote as a tool of protest in the 1974 and 1976 elections, the struggle to win the 34.1 percent of which the dictatorship robbed them, political statements demanding democratic freedoms, trade-union freedom and the right to strike, and now, they are already proceeding with such important actions as the recent strikes in the Sao Paulo ABC. In truth, the ideas propagated by the communists have won out, after patient work and thanks also to the rebellion provoked by rising costs, growing discontent, the awareness of the working masses. The level of the workers' awareness is rising ever more speedily. And as Marx said, when ideas succeed the masses become a force.

O GLOBO: How do you view the present economic situation in Brazil?

Prestes: The present economic situation in Brazil is characterized by the increasing dependence on foreign financial capital, particularly that in the U.S., and the extreme poverty of our people, whose health situation is in fact catastrophic. The country's foreign debt, which is now more than two and a half times the annual value of exports, is tending to increase ever further, since the current policy is to make loans, which means selling the future of our people, on the pretext of developing the national economy. And in turn, in order to guarantee the foreign and domestic monopolies and the multi-national enterprises the highest profits, the dictatorship is drastically limiting wage increases, while at the same time it is incapable of lowering the rate of inflation and rising living costs. According to figures published by the DIEESE [Inter-Union Department of Statistics and Social and Economic Studies] a few days before 1 May, the minimum wage, in order to equal the real minimum wage in 1940, would have to be increased by 117 percent, and as is known, Mr Geisel only increased it 41 percent. How long can the workers' class tolerate this extortion? How long can the small and average farm producers and the middle strata in urban areas go along with the process of impoverishment to which they are being subjected? The recent workers' strikes at numerous enterprises in the ABC districts of Sao Paulo have already shown that the most enlightened nucleus of the proletariat is prepared to win the right to strike and is in a position to defeat the wage policy of the dictatorship, a basic element in its economic policy, which has transformed Brazil into a "paradise" for foreign capital.

O GLOBO: What is your position on the current nuclear debate going on in Brazil and the international area?

Prestes: The Brazilian Communist Party adopted a position of opposition as soon as the nuclear agreement between the Brazilian government and the FRG was announced. Obviously, we are not opposed to the use of this new source of energy in our country for peaceful purposes, which we have made clear in more than one document of the Central Committee of our party. We do not see however the solution suitable to the interests and present and future needs of our country in that agreement. This is a position also shared by two of the most notable Brazilian physicists. We assert therefore that we see military purposes and not just peaceful purposes as Mr Geisel has been repeating in that nuclear agreement. In this connection it is rather significant that the Brazilian government continues to refuse the Treaty on the Non-Proliferation of Nuclear Weapons, which has already been signed by more than a hundred nations, and which represents the sole political guarantee that in fact the production of nuclear weaponry on our soil is not being contemplated. The Brazilian generals want to retain the possibility of building the atomic bomb in our country and this is also in the interests of the revanchists in the FRG who, being prevented by the international treaty signed by their government from building atomic weaponry on their soil, see the possibility of doing so on Brazilian territory. We are of the opinion therefore that it is necessary to struggle to prevent the

Brazilian government from converting our country into a base for the production of nuclear weapons. The position of the Brazilian dictatorship is opposed to the policy of world detente and increases the danger of involving our people in a world conflict posing a most serious threat to their future, as to that of the other sister peoples in Latin America. As to the discussion in the international area, it derives from the position of the Carter government, which has come out against the sale of a uranium enrichment plant and another for the use of plutonium to Brazil, which position was reiterated during a press interview in Brasilia at the time of his visit at the end of last March. This position on the part of Mr Carter, which is still at present threatening the world with the construction of such hated weapons of mass extermination as the neutron bomb, obviously does not reflect an honest interest in peace in the world or opposition to the proliferation of atomic weapons, but in truth reveals the inter-imperialist contradiction between the German and the U.S. monopolies desiring to dominate the world market when it comes to supplying enriched uranium, a market which is tending to broaden and grow.

O GLOBO: In connection with the international communist movement, how do you view the problem of the opposition between socialist countries such as those between Vietnam and Cambodia, China and the Soviet Union? Is a war between China and the Soviet Union inevitable?

Prestes: What characterizes the international communist movement is not the conflict to which you refer, but precisely the contrary, its continued growth, its truly universal breadth and its continuing trend toward unity. What is divided, and increasingly so, by serious contradictions, is the capitalist world. The international communist movement is in truth the largest and most vigorous mass movement existing in the world today. What is happening in China is a temporary phenomenon due to the fact that the leadership of the Chinese Communist Party fell into the hands of the nationalist forces, or rather the chauvinists, who had as their leader Mr Mao Zedong. As the leader of the movement for the national liberation of China, Mao Zedong could not have failed to acquire great popular prestige. But although he launched the construction of socialism in the country, the policy of the Maoists some years ago had nothing to do with communism, the principle of Marxism-Leninism, or proletarian internationalism. It suffices to mention here his viscerally anti-Soviet position, his support of all the reactionary and fascist forces and individuals, and his activity, all of it, oriented toward ensuring the outbreak of a new world war in the hope that the Soviet Union and the United States would clash, so that China could win a position of hegemony as a great world power. With these goals, the Maoists attempt to support adventurers in the service of the imperialists, be it Pinochet in Latin America or Holden Robert in Africa. There is every indication that the struggle or armed aggression of Cambodia against Vietnam is also encouraged by the Maoist group which dominates China today. As to a war between China and the Soviet Union, this seems an unlikely hypothesis. The Soviet Union, although it defends its frontiers with firmness, pursues a traditional policy of peace and has never ceased to propose to the Chinese leaders, with no response, that a non-aggression pact be signed. As to a

ossible aggression by the Chinese, it also seems to me unlikely under current conditions, so great is the economic and technical lag in China in comparison to that of the people which proved capable of defeating the Nazi war machine. Such a war is not therefore inevitable, and is on the contrary unlikely, unless the imperialists want to profit from the border clashes provoked by the Chinese to convert them into a world war.

GLOBO: Where Western Europe is concerned, does Eurocommunism represent an original path? Can it be transplanted to countries such as Brazil? Or is it merely a matter, as many of its critics say, of a new version of social democracy?

Prestes: It should be borne in mind that the term "Eurocommunism" was coined by the bourgeoisie with a view to attempting to divide the communist movement in Europe. It is an inaccurate and unacceptable term, since Europe does not come down to just the capitalist West, but also includes its socialist half. It is true that some communist parties in Western Europe accept the term as the expression of those common elements they say they have found in the tactics adopted by each. But as they themselves recognize, it is not a matter of something organized with a leadership center, nor of an original path common to all the parties in question, since the differences among them and in the social paths toward socialism adopted by each are so great too. Vladimir Il'ich Lenin said that the paths toward socialism are most varied. And there is no greater error than to seek mechanically to transpose the experience of one country to another, where the revolutionary process is concerned. It would be an exaggeration to say that the communist parties which accept the term "Eurocommunism" adopt it as a new version of social democracy. But it is also true that the bourgeoisie, as we have already said, sought to use it in order to divide the communist movement, in the hope that the Western European parties would become social democratic parties. Which did not in fact occur, as was seen at the Berlin conference of all of the European communist parties--in the capitalist world and the socialist community--where broad common ground was found within the principles of Marxism-Leninism and proletarian internationalism.

GLOBO: In your view, is the main contradiction in the world today between the capitalist and the socialist countries, or between the poor countries and the rich ones?

Prestes: We are living in an era of transition from capitalism to socialism in the whole world today. This process, despite some temporary setbacks, is taking on an ever-faster rhythm. In recent years the three fascist regimes still existing in Europe--in Portugal, Greece and Spain--fell. The colonial system of the imperialists is tending to disappear completely and the peoples one after another are choosing the path of building a socialist society. Even in our America, the Cuban people, neighbors to the great imperialist power, have already built the new socialist society. However imperialism is resisting, and through direct intervention, as is happening now in Zaïre, by means of military and civilian coups, as is happening in Brazil, is

seeking to halt the advance of the peoples toward socialism, to save capitalism for a time, imposing neocolonialism and neofascism on the dominated peoples. All of this shows what the main contradiction in the world of today truly is--that occurring between the peoples struggling for peace and social progress, on the one hand, and imperialism, on the other. It is the struggle between two opposed social systems, the struggle between two adverse trends--the peaceful and the aggressive, a contradiction which is the most concentrated expression of the basic contradiction between labor and capital. The division between poor and rich people, or between one hemisphere and another, between North and South, is designed precisely to conceal on which side the main enemy of all the peoples in the struggle for social progress is to be found. It is designed to define the Soviet Union as a rich country in the Northern Hemisphere, alongside the United States, as another enemy of the peoples struggling for social progress--the Soviet Union which is precisely the certain support on which the peoples who are struggling for complete national independence and for social progress, who yearn to free themselves from the capitalist regimes and to build the new socialist society, can rely today.

O GLOBO: How do you see the future of Latin America? And Carter's human rights policy?

Prestes: The gentlemen in the U.S. monopolies and government say that they will not allow a second Cuba on the American continent, but it is in that direction, toward socialism, that all the peoples of Latin America are advancing inexorably. Capitalism, as the representatives of all the communist and workers' parties in Latin America said at the Havana Conference in June of 1975, is no longer resolving any of the problems of our peoples. They also recognized that the determining factor in Latin America is the increase in the anti-imperialist and national liberation struggles. U.S. imperialism, however, which wants to keep Latin America as its calm rear guard, will continue to make every effort to halt the advance of our peoples toward social progress. It is intensifying the penetration of the monopolies and the fascist threat is growing throughout Latin America. But with the development of capitalism itself, with the emergence of large enterprises, the workers' class is growing and the level of its class awareness is rising. It will be the guiding force of the movement which will lead our peoples to victory in the struggle for national independence, for democracy and for social progress. As to the policy of Carter, who claims to be the defender of human rights, it is obviously denied by the support he continues to give to the dictators and tyrants to be found in Latin America today, from Pinochet to Geisel, Somoza and so many others. But despite this, it cannot be denied that the statements of Carter and some of the positions adopted by the American government have created conditions on the basis of which the development of the struggle for human rights in all of Latin America is becoming easier.

O GLOBO: How do you view Brazilian foreign policy with regard to Africa?

Prestes: Mr Geisel's foreign policy with regard to Africa is an integral part of the economic policy oriented outward and not toward the domestic market, the rate of growth therein being limited by the government through its wage policy. Its purpose is to guarantee the maximum profits for the domestic and foreign monopolies. But in order to win markets in black Africa as it wants to do, the Brazilian government has seen the need to modify the image the African peoples have of it, as a result of the policy pursued by the Brazilian dictatorship of systematically supporting the fascism of Salazar and Caetano at the UN. Thus it decided to devote special concern to the case of Angola, hastening to recognize the MPLA [Popular Movement for the Liberation of Angola] government even before it was definitively established, and despite the vigorous support it obtained from the Soviet Union and socialist Cuba. Dr Silveira's "responsible pragmatism" leads inevitably to such contradictions, but it is in fact the expression in the foreign policy of the Brazilian government of its overall policy, always in the service of the monopolies, the multinational enterprises and U.S. financial capital. The same contradiction also emerges in the effort which the dictatorship, which is anti-Soviet and anti-communist, is making to intensify its trade exchange with the USSR and the other countries in the socialist community.

O GLOBO: And in connection with Africa, how do you view the increasing Cuban participation in African affairs, for example in Angola and Eritrea?

Prestes: I am watching it with keen interest and delight and I applaud it. Cuba is in fact a socialist country. Its government is guided by the principles of proletarian internationalism, the practice of which includes fraternal support of all the peoples struggling for national liberation and social progress. But it is not just Cuba. It is all the socialist countries which, to the extent that each can, provide support in the most varied ways and in all sectors to the peoples struggling against poverty and backwardness left them by the colonizers. As Fidel Castro has said repeatedly, without the support of the Soviet Union and the other socialist countries, the building of socialism in Cuba would not be viable. The support given by the Cuban government to the peoples in Africa struggling for independence and progress is expressed mainly in sending Cuban technicians, doctors, professors and teachers to help them in the huge task confronting them. In the event of armed aggression and at the request of the government involved, as happened in Angola and Ethiopia, this aid is also extended to the military sector, with the participation of detachments of the armed forces of Cuba in combating the foreign aggressors. This is a high and noble gesture which no one could protest except those interested in the massacre of peoples who after centuries of colonial oppression have won national independence and aspire to a new life of freedom and progress. It is not possible therefore to confuse the "Cuban role in African affairs" with the intervention, armed or otherwise, of the imperialists, which is always oriented in precisely the opposite direction.

O GLOBO: What is your current view of the armaments race and detente?

Prestes: Despite the bilateral and multilateral agreements signed in the 1960s and 1970s and, more particularly, the Treaty on the Non-Proliferation of Nuclear Weapons, which contributed to limiting the armaments race for a time, that race has in recent years taken on increasingly alarming proportions for which the United States government and mainly the current administration of Mr Carter are to blame. I believe moreover that the peoples of the entire world, including the overwhelming majority of the American people, have the strength to limit this dangerous growth. The extraordinary general assembly of the UN convoked on the initiative of the Soviet Union to discuss problems pertaining to world disarmament can contribute greatly to this end. Representatives of 149 countries are participating in it, and from the general debate which is reaching its conclusion, one can see the support of the overwhelming majority for the proposals submitted by the Soviet representatives. Generally speaking they are the following: a halt to production of all types of nuclear weapons, as well as a halt to production and prohibition of all other types of mass-extinction weapons. An end to the creation of new types of conventional weaponry with great destructive power. And, further, rejection of the expansion of armed forces and the increase in conventional weaponry by the powers which are permanent members of the UN Security Council, as well as the countries linked with it by military agreements. It is in fact measures such as these which can make it possible to take immediate steps leading to an end to the armaments race, the only way of consolidating detente, i.e. a relaxation of international tension, and to avoid a return to the cold war, to the dangerous situation in which the peoples of the entire world lived in the years which followed the end of World War II, constantly on the brink of the abyss of a nuclear conflagration. We must recognize that thanks to the policy of the Soviet Union favoring peace and peaceful cooperation, including such important undertakings, among others, as the Treaty on the Non-Proliferation of Nuclear Weapons and the Helsinki Conference on peace and cooperation involving all the European nations plus the United States and Canada, it has been possible to date, more than 30 years after the end of World War II, to prevent the outbreak of a new world conflict. The brilliant victory of the Vietnamese people, which forced the United States to withdraw its aggressive troops from Indochina and helped the U.S. people to understand the need to struggle against the reactionary forces seeking to lead them into new warlike adventures also contributed to this. The consolidation of international detente is truly the only alternative to the horror of a nuclear war. Under these conditions, an important role in the struggle to consolidate international detente falls to the Brazilian people. It is their duty to wage a battle against the military regime, for democratic freedom, but also for world peace, and against the vast military expenditures being made by the dictatorship and more particularly against the warlike aspects of the nuclear agreement with the FRG, against the efforts of the Brazilian generals to make of our fatherland a new base for the production and storage of nuclear weaponry, beginning by demanding that General Geisel sign the Treaty on the Non-Proliferation of Nuclear Weaponry.

In conclusion, Prestes said that he would not respond to the subsequent questions either, because they had to do with his biography and were thus

"of less importance." And he added: "And also because I have not yet had the time to write my memoirs." Concerning the opinions solicited about a number of historic figures, he said: "My opinions about various Brazilian personalities could lead to polemics, which would be undesirable at this time when we are urging all patriots and progressives to join in unity in the struggle against fascism." (Interview granted to O GLOBO in June 1978)

The questions he declined to answer were: His family, childhood, training? Paternal and maternal influences? Schools attended? Why did he go into the army? What was his military life like? Colleagues and main military friends in that era? What was his view of the Copacabana Fort uprising in 1922? And the 1924 revolt? How would he analyze the so-called "lieutenants" movement of that time today? What link can be made between the founding of the PCB in 1922 and the explosive situation of that time? Why would a military officer who could have had a long and brilliant career in the army, which was his situation at that time, become a revolutionary? What was his experience in the Column? What did he seek to achieve? Had the column been victorious, how would the history of Brazil of that era have been written? Why didn't the population in the interior support the Column more intensively? In what way did the "lieutenants" movement and later the Column contribute to his endorsement of Marxism-Leninism? Would it be possible to give an overview of his personal impressions of some of the main personalities in those events, such as Siqueira Campos, Juarez Tavora, Eduardo Gomes, Cordeiro de Farias and others? How could some of these same lieutenants and personalities have come to participate later in the 1964 military movement? When Siqueira Campos went to Paraguay in 1927 with 65 of the remaining men in the Column, Mr Prestes went to Bolivia with 620. What was this first period of exile like for him? In what way did it differ from his long years of later exile? What was the importance of his later contacts in Argentina with Rodolfo Ghioldi and other communists, in his adherence to Marxism-Leninism? When did he really feel for the first time that communism was his path? Was this a difficult transition? Was there some initial personal conflict? What were the main events which led to this important decision? After a series of meetings with Mr Prestes, involving Juarez Tavora and Siquera Campos as well, the PCB, in 1929, asked him to be a presidential candidate on a platform including nationalization of the land and division of the large estates, nationalization of the industrial firms and banks, abolition of the foreign debt, freedom of organization and the press, the right to strike, legalization of the PCB, the eight-hour labor day, holidays and a wage increase. Why did Mr Prestes refuse? Does he believe that this basic program is still valid in part? What is his view of the 1930 revolution? What transpired at the secret meetings he had then with Getulio Vargas and his secretary of justice in the government of Rio Grande do Sul, Oswaldo Aranha? Was he offered the military leadership of the movement? What was his answer? Now that so much time has passed, does he believe that his attitude was wise? Could he give a rapid overview of his personal opinions about some of the leaders of the era such as Getulio Vargas, Washington Luis, Julio Prestes,

Borges de Medeiros and others? What was his first experience of life in the Soviet Union like? Why didn't the PCB support the constitutionalist revolution of 1932? Would it be a purely oligarchic movement? Couldn't the New State have been prevented? Could he say something about the creation of the National Liberating Alliance? What were the reasons for the preparations for the 1935 insurrection? How does he assess those events today? Could it have been a political error? How would he describe the rise of fascism in Brazil then? Integralism? Plinio Salgado? How would he describe his experience in prison? How would he describe the New State from the socioeconomic point of view? The PCB totally supported the entry of Brazil into the war against Nazism and Fascism, but later the government which emerged in the postwar years proscribed the PCB. Even so, does he believe that entry into the war was wise? For example, Argentina did not participate, but profited greatly economically from the war. Could he say something about the FEB [Brazilian Expeditionary Force]? The support Prestes gave later to Getulio Vargas, despite all he suffered at the hands of his police, including the episode pertaining to his wife Olga, has always been widely discussed in Brazil. What statement would he make today about all of this? In its 56 years of existence, the PCB has had only 2 years of full legality. What was this experience like, from 1945 to 1947? To what does he attribute the great electoral success of the Communist Party in the elections of that time, when it emerged from its clandestine status to win nine percent of the vote, electing 14 federal deputies (plus 2 later) and Mr Prestes as senator? He himself was elected senator for the Federal District and deputy for Sao Paulo, Rio de Janeiro, Pernambuco, Rio Grande do Sul and the Federal District. To what point was this success the product of his personal prestige, his image from the days of the Column? What was his parliamentary experience like? In the debates in the Congress, an effort was always made to link his unlimited support of the Soviet Union even to opposing Brazil's interests, and there was even frequent talk of what his position would be in the event of a war between Brazil and the Soviet Union. What were those debates like? Could he say something about his Congressional colleagues of that era, such as Juracy Magalhaes, Luis Vianna, Hermes Lima, Daniel Faraco, Prado Kelly and others? Why did he and the PCB propose to enter the presidential elections with their own candidate, in the person of Yldo Fluzza, even chosen outside the party cadres? Why did they not support the candidacy of Brig Gen Eduardo Gomes? Wouldn't PCB support of the UDN have prevented a certain portion of the middle class and the anti-fascist liberals from adopting a more rightist attitude in the future? On 7 May 1947 the PCB was made illegal again by Dutra. How did it come to be placed "outside the law" again? Did this prove that those who said the Communist Party should not insist on the legal and democratic path, on the electoral system, were right? In August 1950 Mr Prestes issued a rather radical manifesto which was harshly criticized. What is his statement about that period? Why did the PCB, which supported Getulio Vargas in 1945, abstain from the 1950 electoral campaign? In his view, was PCB opposition to this second Vargas government proper? What is his version of the events which led to the suicide and letter testament of Getulio Vargas, in which he even denounced imperialist pressures? How did the 20th Congress of the CPSU which

criticized Stalin and the personality cult affect the PCB? How does he view the Juscelino Kubitschek government in a Brazilian historical context? Does he believe that the support the PCB gave the candidacy of Marshal Lott was correct? How would he analyze the short government term of Janio Quadros and his resignation? How did the PCB view his foreign policy? Could Mr Prestes give a rapid overview of the main personalities of the 1964 period, such as Brizola, Carlos Lacerda, Adhemar de Barros, Magalhaes Pinto, Joao Goulart, Castelo Branco, Arraes, Mourao Filho, and others?

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CONFLICTING ASSESSMENTS OF FROST DAMAGE TO COFFEE CROP YIELD

Sao Paulo ISTOE in Portuguese 13 Jun 79 p 83

[Article by Luiz Roberto Serrano with the collaboration of Jose Eustaquio de Oliveira]

[Text] It is very difficult to rapidly evaluate the extent of the damage caused to Brazilian agriculture by a freeze. However, some of its effects are already classic and have been repeated since the last of them hit the south-central part of the country at the beginning of this month: the most complete misinformation has been divulged on the amount of the losses suffered by the farmers; the price of coffee has oscillated in the international exchanges; the coffee-growers have taken advantage of the situation to start reciting their long rosary of old claims against the government.

In fact, on 7 June the Commission for Financing Production [CFP] was not gambling on an extensive forecast: it admitted at most that there might have been a reduction of less than 5 percent in the wheat harvest. Geraldo Junqueira Diniz, the secretary of agriculture of Sao Paulo, paid a long visit to the interior of the state and returned advising that he could only talk about losses with a great deal of caution.

And not even thus did he fail to paint a dramatic picture. According to him, between 25 and 30 percent of the 991 million coffee trees in Sao Paulo would have been severely affected by the freeze; out of the rest, nearly a third more would have suffered lesser damage. Two regions would have particularly hard hit: the mountain zone on the Minas Gerais border and the Sao Manoel area. In this harvest, the loss should not be greater than 400,000 bags, scarcely 5 percent of the anticipated harvest of 8 million units. "However, the hopes for next year's harvest are very dark," Junqueira declared. The explanation of this phenomenon is that the young trees that will produce the next harvest are still green, still growing, and they do not resist freezing weather as the older ones do.

Same Old Song

In Minas Gerais, where the coffee-planters took shelter after the 1975 frosts decimated the plantations in the south of the country, Gerard Renaut, state secretary of agriculture, guaranteed that only 10 percent of the 7.1 million bags that would have been produced this year were lost. Fifty percent of the 8 million which would have been harvested in 1980 were lost without remedy, however. Is that really the case? Ronaldo Durante, general manager of the Regional Cooperative of Coffee-Growers of Pocos de Caldas, southern Minas Gerais, guarantees that the damage to the next harvest can really be estimated only after the blossoming next September and October. Marcos Abreu e Silva, the deputy secretary of agriculture, does not himself want to gamble on a long-term forecast.

In Parana they are also talking about damage to next year's harvest. However, contradictory information is also rampant there. The producers have held to a 40 percent loss, but the Secretariat of Agriculture and the IBC [Brazilian Coffee Institute] are more optimistic: the losses would have been only 25 percent in the region of Londrina and 20 percent in the region of Maringa.

Coffee Speculation

That climate of alarmist reports which drown out the few sensible statements has wound up by favoring speculation around the coffee price. First, it is necessary to remember that whenever freezes occur and they talk about coffee losses the Brazilian technocrats happily rub their hands: if the price of coffee goes up on the international market, Brazil's trade balance may come out better. And regional profits cannot be discounted. Immediately after the freeze, coffee prices in Parana went up by 25 percent. And optimistic calculations kept on coming in. By harvesting 8 million bags at 2,500 cruzeiros each, the state would earn 20 billion cruzeiros. Also, if they harvested only 6.4 million bags, but at 3,400 cruzeiros, the state would receive 21.7 billion cruzeiros.

At any rate, the IBC has been attentive to that problem. So much so that it immediately suspended exports of coffee in the bean and soluble coffee to prevent distortions in the market, as its technicians call it. The principal objective of the measure was to prevent a price hike from frightening the world market, just when the consuming countries were beginning to show signs of being interested in buying more coffee. In the meantime, the suspension could end at the latest this Monday, 11 June.

The Freeze Industry

What is most curious about all this has been the aggressiveness with which the coffee growers began to demand immediate relief from the government, stating that the necessity of "updating" the guaranteed coffee price could

not be put off, without mentioning the eternal demand for better financing conditions. The farmers of Minas, for example, have asked for the guaranteed price to be raised from 2,500 cruzeiros to 4,500, a reduction in the exchange confiscation in the next three years and, as they could not fail to do, the extension to October and November 1981 of the time allowed for paying all the finance charges which will come due this year. All of this indicates that many people will wind up making money on the old and lucrative "freeze industry." Like the producers of vegetables and fruits who supply Sao Paulo and Rio de Janeiro. In the name of the freeze, which did not touch them, they have raised their prices by as much as 500 percent.

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ENERGY NEEDS, PROJECTED EXPANSION UP TO YEAR 2000 OUTLINED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jun 79 p 7

[Text] Yesterday ELETROBRAS [Brazilian Power Companies, Inc.] distributed a study guaranteeing that until the year 2000 Brazil will not need more nuclear energy in addition to the power to be generated by the Almirante Alvaro Alberto plant in Angra dos Reis. This includes the Angra-I, Angra-II and Angra-III units. The study explains that the expansion of the Brazilian electric system during that time can be based exclusively on hydroelectric resources, whether or not they are combined with coal-fueled thermal plants.

In a preliminary study for the siting of the new nuclear plants anticipated by the agreement with the Federal Republic of Germany, only the southeastern region was chosen. In the other regions the technicians have advised against the installation of nuclear plants, at least until the year 2000, because we have energy resources that can advantageously compete and also because the FWR nuclear plants, which satisfy the characteristics of determined regional markets, have a unit potential of 1,245 megawatts.

"A statistical analysis of the performance of FWR nuclear plants, based on operational experience all over the world, has shown that for units of 1,245 megawatts the average annual output reaches 56 percent in the first year of the plant's operation, and grows as high as 60 percent in the second year and beyond. The operation of the plant as a pioneering unit demands a minimum output in excess of the initial phase which becomes a factor for a weekly output of 50 percent," the study declares.

Referring to the preliminary indication of the regions where nuclear plants will be constructed under the agreement between Brazil and the Federal Republic of Germany, the ELETROBRAS study observes that the northern region as of the year 2000 is characterized by a small and decentralized market and by a great availability of hydroelectric resources. It states that until the end of 1986 the country will have available nearly 2,300 average kilowatts of energy from hydraulic resources exploited in this region, emphasizing the installation of 8 units in the first machinery house in the Tucuru

plant, the end point of the interconnection with CHESF. It emphasizes that the available competitive hydroelectric potential will have the system of the lower Tocantins. This system, which has already been inventoried, will provide 7,100 average megawatts, enough to take care of the market anticipated in the area and for supply to the northeastern and southeastern-west central regions.

It considers that the remainder in the north presents an availability of nearly 35,000 average megawatts, almost 80 percent of them located on the tributaries of the right bank of the Amazon River. In conclusion, it points out that "in the northern region, due to its market and to its hydraulic resources, the installation of a nuclear unit in the period under consideration is not viable."

In relation to the northeastern region, it has been pointed out that when the generation program has been carried out, about 1986, the country will have taken advantage of 3,340 average megawatts from the hydraulic potential of the region. The remaining 3,540 average megawatts (3,200 average megawatts combined with nuclear energy) are insufficient, according to observations, to supply the increase in the market, merely 7,600 average megawatts being projected for the period 1987 to 2000. "The decision whether or not to include nuclear units," the work continues, "in addition to the aspect of competitiveness with the option of hydroelectric plants on the lower Tocantins, must consider the restrictive technical aspects of the northeastern market faced with the installed capacity of the nuclear units." And it adds: "In conclusion, it can be affirmed that the northeastern region does not present adequate conditions for the installation of any of the nuclear units anticipated in the nuclear program, due to the implications for the system's reserve."

In the southern region, the study assures that it will be adequately taken care of until 1987, considering the expansion program now going on and its quota in the power available from Itaipu. After 1987 it will have available hydroelectric and thermal resources sufficient to supply its needs beyond the year 2000. In the period under consideration, it does not find it necessary to install nuclear units in the southern region, since "that would imply the incorporation of economic potentials necessary to take care of the markets in the south and in the southeast, which would have to be replaced by others, from other regions, at a higher cost."

Sufficient Energy for Southeast

The study prepared by ELETROBRAS guarantees that the market in the southeastern and centraleastern regions, considering the expansion program currently under way, will be adequately supplied up to 1987 inclusively. It declares that the options for complementing the hydroelectric program for the southeast and the central west, in the period from 1987 to 2000, are the following: a nuclear program in the southeast; a coal-fueled program

in the south, with transmission to the southeast, or eventually thermal plants in the southeastern region itself, the coal to be transported by sea; and a hydroelectric program in other regions, in particular in the south and in the north. "The southeastern and central western regions," it declares, "present viable and preferential conditions for the installation of nuclear units. The absorption of their power by the centers supplying the region would be realized with small additions to the system reserve."

With reference to the localization of the principal distribution points, the ELETROBRAS study emphasizes that in the interconnected system of the southeastern region four distribution centers have been identified (Espírito Santo, Rio de Janeiro, São Paulo and Minas Gerais) and two generating centers (Grande and Parnaíba). The generating centers complement the energy need of the distribution centers; the latter, in their turn, incorporate the plants whose production, because of the demands of the transmission system, is destined with priority to supplying their respective markets.

According to the work, Minas Gerais will show deficits on the order of 4,000 average megawatts in the decade of 1990. The São Paulo distribution center shows surpluses in its energy balance in the first half of the 1990 decade (1,990 and 800 average megawatts in 1991 and 1995, respectively) and growing deficits starting with 1997. These will reach a deficit of 2,000 average megawatts toward the end of the period. The Rio de Janeiro distribution center will show a deficit during the entire period under analysis, varying from a deficit to 1,040 and one of 2,600 average megawatts in the 1991-2000 interval. The deficits in Espírito Santo's balance grow during the period from 1991 to 2000 from (a deficit of 750 average megawatts to one of 1,300 average megawatts in 1991-2000). That center is located far from the centers of generation in the southeast, including the new sources to be developed, excepting those of the lower Jequitinhonha and the Doce.

According to the study, the needs of the combined energy balance of Rio and São Paulo (a deficit of 2,635 average megawatts) are greater than the availability of two nuclear plants generating 1,245 megawatts each. The deficits grow in the subsequent years, which assures the absorption of those two units in the middle and long term. The distribution center of Minas Gerais, whose greater share of the market is located around Belo Horizonte and Ipatinga, appears, according to the study, to be the one to suffer the greatest deficit in the southeastern region during the 1987-1992 period (respectively a deficit of 2,616 and one of 4,531 average megawatts). Those deficits will continue to grow during the following period, which will permit the inclusion of nuclear plants in Minas, without causing any difficulty for their absorption in the long run.

It also emphasizes that Espírito Santo will have growing deficits, varying from a deficit of 560 to one of 806 average megawatts from 1987 to 1992. It emphasizes that that distribution center will absorb one nuclear plant during the first half of the 1990 decade and another in the second half.

Based on results of the analyses, it considers that the following installations have been established: two identical units with two equivalent hypotheses as to their siting: in the area of Belo Horizonte or Ipatinga; two identical units on the coast of Espirito Santo, near Vitoria; two identical units connected to the 500 kilowatt system between Grumari and Mambucaba. A second option is to construct them between Mambucaba and the island of Sao Sebastiao. The second nuclear plant in Vitoria will have a surplus of energy in its first decade of operation, when it may have enough energy to send to Ipatinga or Rio de Janeiro.

It further emphasizes that "the normal interval of 12 years between the decision to construct the next nuclear plants and the beginning of their commercial operation will delay the fourth unit of the nuclear agreements until 1991." "Thus," it concludes, "this study is considered urgent from the point of view of the areas which have been selected as candidates for the next units in Vitoria, Rio Sul 1 and Rio Sul 2."

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GUERREIRO EMPHASIS ON GOOD RELATIONS WITH ARGENTINA

do Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 79 p 3

[Text] The interview that Foreign Minister Ramiro Saraiva Guerreiro has granted to us, summarizing Itamaraty's general lines of action during his tenure, do not contain any novelties as far as programs or doctrine are concerned. Furthermore, it would obviously be strange for such novelty to be present, as if the international policy of a country with the specific gravity of Brazil could be blown about by the winds of chance. Not even for that reason, at the same time, is its direction determined in the emptiness of the rhetoric meant for the ears of the larger public: on emphasizing the excellence of the present relations between Brazil and the United States and upon reiterating the importance of good relations between our country and Argentina, he has made very important declarations to the degree that they reestablish situations which never should have been changed.

The crisis in the relations between the governments of Brasilia and Washington was not a mere invention of the press or of opponents of Brazilian or U.S. authorities. Proof that there was a moment when the horizon was clouded was the fact that President Ernesto Geisel, at a certain point in the events which led to the denunciation of the Brazil-U.S. Military Agreement, felt the need to rephrase things in their proper words, emphasizing the importance that the United States has for Brazil as a trading partner in addition to the specific details of the reconciliation around the same issues demonstrated in action in World War II. The fact that Foreign Minister Saraiva Guerreiro should insist today on stating that our relations with the United States continue to be excellent, and that understanding and mutual respect exist for the interests of each one, is a proof that nationalistic stuffiness, visible on the occasion of the crisis, no longer exists, and that our accentuated economic development, including technical and military development, now permits us to get rid of the fear, which was furthermore absolutely irrational, that a closer approach to the Americans would always be detrimental to our own specific interests. It is within this framework of economic, industrial and political maturity that his declarations on the appropriateness and even importance of the visit by President Figueiredo to Washington must be seen.

Perhaps his references to Argentina are the most significant part of the entire interview with the Brazilian foreign minister. Not just because the matter of Itaipu was discussed, a problem which has called the attention of public opinion and permitted the crystalization of opinions; it is because the international stability of the continent depends on the relationship of Brazil with Argentina, without any exaggeration. It is not necessary to be privy to the secrets of the gods to know that the international situation which has been created in the so-called Southern Cone, beginning at the moment when tensions mounted between Chile and Peru on the one side and between Chile and Argentina on the other side, affects us directly. In fact, Brazil, whether or not it so wished, saw itself called on to exercise a prominent role not only because of its particular specific weight on the continent, but chiefly for the interest that it has as a nation, in that border agreements not be revised on the grounds of political convenience. Our good relations with Argentina are therefore fundamental if we are to be able to exercise our mediating influence in this perturbed region, which is basically aimed at protecting our interests as a Latin American power.

From that point of view, it is good to observe that Foreign Minister Guerreiro avoided any less graceful reference to our litigation with Argentina concerning the definition of the Corpus quota and of the operational management of Itaipu. It is extremely important to abandon the "chauvinistic attitude of a great power" which characterized the later phase of the Geisel-Silveiro administration--and that abandonment was obvious in the interview we speak of, although it could be plainly seen that Brazil will not take any step toward moving things from their proper places. The initiative toward coming closer together, and in this the foreign minister was clear, is up to Argentina and Paraguay, sovereign partners in the Corpus dam. This position is politically correct, but in the meantime it could become dangerous as events evolve, especially when one keeps in mind that relations between our country and Buenos Aires are not of the best because of disagreement on the Canal problem, among other factors, which downstream includes the Itaipu problem, Corpus, and Apipa.

In any event, we still have the assurance that at least Brazil is following a common-sense path and is not playing the game of looking for the worst. Furthermore, Foreign Minister Guerreiro is not afraid of the commonplaces established by "responsible pragmatism," and is further seeking to minimize the importance that Arab petroleum has in the conduct of our Middle Eastern policy. We hope that in fact this will be the case in the day-by-day conduct of diplomacy so that our country will not be surprised sooner or later by a change of orientation.

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SAID FARHAT NOTES EMERGENCE OF NEW ECONOMIC MODEL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 79 p 25

[Text] "We are now witnessing the growth of a new, technically Brazilian economic model, whose distinctive sign is the fact that the state as entrepreneur and the investor as entrepreneur live together," Said Farhat, the minister of social communication, declared yesterday in Gramado at the opening of the First Latin-American Meeting on advertising--1979 Advertising Seminar.

Farhat recognized that the mutual toleration between those two areas is sometimes subject to attrition, and he considered that this was "a result of the criticism that there may be too many state enterprises or that they may be competing unnecessarily--and not always under equal advantages--with private enterprises."

According to Said Farhat, Brazil has an uninterrupted history of a market economy, but "The force and the fascination of free competition is such that even the Brazilian government enterprises tend to compete as if they were private." He added at the same time that, according to the president's guidelines to his ministers, he believes that "we have reached the limit of state presence as an entrepreneur in the Brazilian economy. Henceforth," he emphasized, "the rule will be for the state to withdraw from some sectors. And the sale of state enterprises to whoever wishes to buy them and pay their just value for them."

State Role Diminishing

Both during his speech and in the interview which he granted when he arrived in the south yesterday morning Farhat refuted criticisms on the increase in state intervention in the area of advertising. "However much they want to make the Secom law appear as consecrating state control of official advertising," he declared, "in fact, far from broadening it, it reduces the authority of the National Agency. Although it has been applied erratically, the now repealed law was in full force. It could be invoked at any moment,

"with complete legitimacy. Now it can't. The National Agency may only solicit the publication of balances, official communications and government edicts."

Farhat recognized that on the individual level some agencies, especially middle-sized and small ones, may face problems, but he insisted that the law is not one of state control: "On the contrary, the business of private advertising agencies is now forever free of the threat that promotional or institutional publicity of organs and entities of the government will be nationalized."

According to the minister, there are more important aspects to be observed by advertising agents than the powers given to the National Agency, such as the various projects now being considered by the National Congress which in one way or another condition, restrict, inhibit, bureaucratize or simply forbid the transmission of most product advertising on the radio and TV and even in the printed media."

He added that "that battle is decisive," since in the middle run some of the bills which might possibly be approved, "will determine whether the advertising business as we know it today in Brazil will live or die." Farhat also advised that he had proposed to the ministers of industry and commerce and of communications the formation of a working group with representatives from the advertising sector to examine a way to harmonize the interests of the manufacturers and consumers in advertising and in the sale of products in general use.

Free Initiative

In the minister's opinion, "Few activities demonstrate free initiative as advertising does. Wherever there is no strong, free, active advertising industry there will not be a market economy. It doesn't matter what political regime exists or what system of relations between those who produce and those who consume. In such a society there will not be any free initiative." He observed that "a preoccupation of dictatorships is the depersonalization of the people, in the same way that creating mass consumption presupposes uniformity of tastes and preferences. And if on the political plane uniformity and passive consent can be achieved by means of coercion, on the consuming level that same depersonalization of the people is reached by denying the freedom of choice. In capitalistic societies people's minds are controlled through a new kind of hypnotism: massive advertising, ever present, which finally bulldozes the people and dictates public preferences. Under regimes where the economy is centrally planned the possibility of choice is limited simply by the control of supply, by the suppression of variety, by the manipulation of opportunities to even know about other products or alternatives."

RISCHBIETER, BRANDAO DENY DISAGREEMENT OVER OPEN MARKET

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jun 79 p 32

[Text] "Absolutely nothing is going on," Finance Minister Karlos Rischbieter answered in the presence of Carlos Brandao, president of the Central Bank, when a reporter inquired about the misunderstanding which was apparent between the two of them and that could have become worse with the publication of a didactic letter from Brandao, addressed to the minister, over the functioning of an open market.

"Sometimes our opinions are different, but they never conflict," the minister added. He had arrived yesterday from a 12-day trip abroad. Very tense at the beginning of the interview, when he gave an account of his trip, Rischbieter soon became relaxed and in closing agreed to pose for photographers beside Brandao, who had been sitting several rows in front of him until then.

Concerning the letter, the minister explained that he had asked the president of the Central Bank to "put his arguments in favor of permitting natural persons to operate in the open market on paper, because many people were asking questions about the subject. Then he wrote a letter which could have been a report." Brandao agreed: "That's exactly the way it was." (In the meantime, according to the minister's own declaration, he is still thinking "of other ways" to discipline the activities of natural persons in the open market.)

Before the two men met--not by mere coincidence--in the office of the finance minister, Brandao had given another interview where he also denied that there were any insuperable disagreements. It seemed to some reporters that the president of the Central Bank, at the close of the meeting in the CMN [National Monetary Council], was more worried about denying those differences than he was in explaining the measures taken by the council. "These differences have not been felt. The meshing is so complete that all measures related to the functioning of the open market were approved by the direct recommendation of the minister of finance," he affirmed at this first interview.

After observing that the Central Bank only carries out orders from the finance minister, Brandao declared that with his letter in favor of natural persons participating in the open market he was only trying to contribute to Rischbieter. "It was a little informative paper for the purpose of giving the minister the support of the Central Bank in his arguments with many individuals who were boring people with their requests to prohibit the activity of natural persons," he explained. He insisted that there was no intention of ridiculing the ideas of the finance minister, since "if the minister wished, all he had to do was order his subordinate to execute the measure." He further recalled that all the votes on yesterday's agenda in the CMN meeting were approved beforehand by Rischbieter and only afterward by the planning minister.

Simonsen was also questioned by the journalists on the possible divergences between the finance minister and the president of the Central Bank. "I only learned of this in the newspapers, because in the flesh I have still not seen anything," the planning minister replied. In the meantime he declared that he agreed with Brandao's position against the listing of interest rates and the withdrawal of natural persons from the open market.

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OVERTURES MADE TO EXPAND TRADE RELATIONS WITH ROMANIA, POLAND

Exports to Romania Planned

Rio de Janeiro O GLOBO in Portuguese 14 Jul 79 p 19

[Text] Yesterday, the president of the Mineral Resources Prospecting Company (CPRM), Francisco de Andrade Ramos, said that the company intends to start operating on the international market, selling ore prospecting, mapping, aerial surveying, geophysical and geochemical research and drilling services. The first contact that the firm will make for the exporting of this type of service will be with Romania, this weekend, as part of a commercial agreement to be signed with Brazil.

Andrade Ramos explained that the company has grown as much as it can within Brazil, and that unless it extends its sphere of activity outside of the country, it will begin occupying the market of some new private mineral research firms. He added that CPRM's expansion abroad would also facilitate the exports of certain private Brazilian companies associated with its sector, because each contract to be negotiated will always have a consortium of Brazilian companies performing the services.

"One example is aerial surveying. We have the capacity for analyzing the data collected by the private firms engaged in aerial photogrammetry in Brazil. However, we are not equipped to perform that work. We shall become associated with private Brazilian firms in order to operate in this area. We shall also operate with INTERBRAS [Petrobras International Trade SA], which has international experience in the sale of services, and offices in various parts of the world."

New Markets

Andrade Ramos explained that the company does not intend to try to gain business in the developed nations of Europe or North America, because there are already traditional companies associated with the sector in those areas, and they are very well equipped. CPRM will attempt to obtain business initially with East European, South American and African countries.

"We have very fine experience in our field, and we can provide good service to the countries neighboring Brazil. Interest has now also been expressed in Angola, Mozambique and other African nations. We shall convert the contacts that we have made into business opportunities."

The president of CPRM also announced that the company would be requesting a larger volume of funds from the government to expand the research on minerals which can be used to replace petroleum byproducts. He explained that, this year, the firm would invest nearly 360 million cruzeiros in its own research program, but that the government's new requirements related to research on minerals for energy have made investments of about 1 billion cruzeiros necessary.

"We shall intensify the research on coal, uranium, thorium and other energy-producing minerals. Obviously, we are not merely waiting for government funds. We remind all private business owners that we can do research for them, because mining is a good business for everyone."

Ore Sales Will Total \$1 Billion

Brasilia--Next week in Bucharest, the minister of mines and energy, Cesar Cals, will sign a protocol for the sale of 50 million tons of iron ore (valued at nearly \$1 billion) to Romania between 1980 and 1990. The minister will head a Brazilian delegation comprised of representatives from Itamaraty, the Mineral Resources Prospecting Company, PETROBRAS [Brazilian Petroleum Company], INTERBRAS, CONSIDER [National Non-Ferrous Metals and Steel Council], SIDERBRAS [Brazilian Iron and Steel Corporation], COBEC [Brazilian Warehouses and Trade Company] and the Rio Doce Valley Company.

The protocol, the purpose of which is to expand the commercial exchanges between the two countries, calls for the importing of iron and steel products by Brazil, especially bores and equipment for oil well drilling, fertilizer, non-ferrous metals, mineral oils and chemical and pharmaceutical products, in addition to technical cooperation in areas yet to be determined by the delegation.

Besides the meeting with Romanian President Nicolai Ceasescu, the Brazilian mines and energy minister will also contact the ministers of foreign trade, machine building industry, electric power, metallurgical industry, and mines, petroleum and geology, and will meet with the deputy chairman of the Romanian State Council, George Radulescu. The group, which is scheduled to spend 4 days in that country, where it will also visit a coal-powered thermoelectric plant in the Turceni area, will include the president of CPRM, Jose Andrade Aimas; the director of CVRD [Rio Doce Valley Company], Jose Clovis Dietzel; the director of PETROBRAS, Jose Marques Neto, a representative from INTERBRAS, Fernando Fragoso; from CONSIDER, Olinto Vilasboas; from SIDERBRAS, Yari Saukas; from COBEC, Luiz Carauta de Souza; and from Itamaraty, Councilor Rubens Barbosa.

Coal Prospecting With Poland

Rio de Janeiro O GLOBO in Portuguese 29 Jun 79 p 24

[Text] Brasilia--Yesterday, at a press conference, the Polish minister of foreign trade, Jerzy Olszewski, stated that his country would be cooperating with Brazil on prospecting for Colombian coal, which Polish technicians consider of optimal quality, particularly for industrial use. Previous surveys by Polish geologists indicate the existence of a minimum of 300 million tons of coal on the surface.

Through a binational company established between the two countries, Brazil and Colombia will participate in the exploration of coalmines, the production from which will not occur for a long time, owing to the lack of a suitable infrastructure, including such facilities as railroads and port equipment.

Also during his trip to Brazil, the Polish minister reemphasized the need to resume selling track to Brazil. An agreement in this regard is being studied by the government, so that the railroad which Brazilian firms are building in Iraq will have Polish track.

At the end of the year, a group of technicians from the Polish state enterprise, AGROPOL, is scheduled to come to Brazil to sign contracts with Brazil, in accordance with arrangements made by Minister Olszewski.

The Polish minister divided the trade with Brazil into three different sectors: agricultural products, exchanges of raw materials and industrial cooperation.

According to the minister, the agricultural year, which is reckoned from one June to the next, will be marked by a total of \$430 million in Polish purchases from Brazil, consisting of foodstuffs. The Poles talked with Agriculture Minister Delfim Neto and with the heads of the Central Bank concerning the mechanisms for financing these sales, and requested long term supply contracts applied chiefly to sorghum, sisal hemp and corn.

With regard to raw materials, Olszewski gave a reminder that there has been a constantly increasing trend toward purchases of iron ore from Brazil, in exchange for Polish coal. The Poles offered the Brazilian Government the country's technology for the prospecting and treatment of Brazilian coal which, although it is of low quality, can be used to produce electric power and also as an industrial fuel, gradually replacing petroleum.

The Polish minister also confirmed the sale of 13 Brazilian ships, according to an announcement made yesterday by the minister of transportation.

Prices

The renegotiation of the prices of the coal which Brazil is importing according to the terms of a long term supply contract was the main topic of the meeting held yesterday morning between Foreign Commerce Minister Camilo Penna and Jerzy Olszewski, the Polish minister of foreign trade and maritime economy.

In the bilateral trade balance between Brazil and Poland, there is a surplus in Brazil's favor. In the trade between the two countries, coal represents 85 percent of Brazil's purchases, while the iron ore purchased by Poland does not exceed 7 percent of our country's sales.

A technician from MIC [Ministry of Industry and Commerce] remarked that the short term tendency is for the surplus in Brazil's favor to become a deficit; because coal prices rose again after the hike in the price of a barrel of oil. Today, Poland is close to being the prime coal supplier to the Brazilian iron and steel industry.

As a result of the miners' strike in the United States, Brazil has experienced a sudden cutoff in the supply from the only coal exporter supplying its plants. In 1976, former Minister Severo Gomes was in Poland negotiating a trade contract, including coal supplies. Last year, former Minister Calmon de Sa returned to Poland to reactivate the trade agreement between the two countries, in which coal holds a large share. Canada is another supplier.

Now, Brazil is interested in insuring the coal supply at more accessible prices, while at the same time it is seeking other sources (Australia, Colombia and China), and intensifying the utilization of native sources of reducing agents.

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DELEGATION TO EXAMINE SOVIET OIL-SUBSTITUTION METHODS IN USSR

Rio de Janeiro O GLOBO in Portuguese 8 Jul 79 p 31

[Interview with Carlos Neves Galluf, president of the Brazilian Forestry Development Institute (IBDF)]

[Text] The Brazilian Government's effort to substitute other energy sources for petroleum byproducts include the trip to be taken next week by a mission from the IBDF to the Soviet Union. In the USSR, the agency's technicians will learn about the technology that the Russians are using to manufacture methanol and ethanol from wood, in order to promote the replacement of diesel and fuel oil both in industry and in the highway transport of passengers and freight.

The president of the Brazilian Forestry Development Institute, Carlos Neves Galluf, will head a mission consisting of Brazilian technicians and businessmen that will depart for the Soviet Union next week. It will observe and negotiate on technology related to the processes for converting wood into methanol and ethanol, which are used to replace diesel and fuel oil. According to preliminary reports, the Soviets already have 45 wood alcohol plants in operation, meeting nearly 35 percent of the USSR's domestic demand for diesel oil.

In Brazil, a group of businessmen from the reforestation sector is setting up an ethanol processing mini-plant in Pirapora, Minas Gerais, at an estimated cost of 20 million cruzeiros, which is due to go into operation early next year. Its main purpose is to serve as a demonstration to the authorities making decisions on energy policy. Moreover, in contacts that he made in France and Germany, Galluf noted an interest on the part of investors in allocating funds for the eucalyptus plant in Brazil, offering the prospect of \$300 million per year being earmarked for reforestation.

These measures attest to a strategy being pursued by the IBDF: that of making forestation-reforestation one of the country's priorities for alternate energy. In fact, it appears to be the only solution for the sector, since the energy crisis has been causing deepseated changes in the allocation of funds in Brazil. An example is the fact that, to date, the IBDF has had only 4 billion cruzeiros from the Fiset-Forestation Fund to extend its plans; whereas it actually needs 12 billion cruzeiros. The supplementation of these funds is being negotiated, but not even the IBDF itself is optimistic.

The solution was to curtail investments in the reforestation plans, which evoked forceful reaction, particularly from the sector which produces the coal supplies for the iron and steel industry. Galluf explained that one of the byproducts of the methanol plants is precisely coal, in addition to cattle feed. With these arguments and his strategy, the president of the IBDF is attempting, at a difficult time for the sector, to expand the prospects for an increase, provided a decision is made in favor of wood alcohol.

In this interview with O GLOBO, the president of the IBDF gives the details of his strategy, in addition to guaranteeing that, in the event of a run on eucalyptus plantations, this would not entail any risks for the natural forests, nor cause any ecological upsets in the country. Galluf said: "All we need is an meadow area of 10 percent to produce the alcohol which can replace the diesel and fuel oil used in Brazil, with an increased savings in foreign exchange."

[Question] What is the policy support at present for the plans aimed at extracting alcohol from wood?

[Answer] We are still awaiting a determination of the policy, as well as of alternatives to pursue, which should begin to show up more clearly now, with the creation of the National Energy Commission. However, the minister of mines and energy, Cesar Cals, has always claimed that alcohol from sugar cane was the substitute for gasoline. And the substitute for diesel oil and lubricants should be methanol, which can only be extracted from wood. In this particular instance, eucalyptus is the best kind of wood for producing methanol.

[Question] What types of provisions are being made (on the technical level) to utilize wood alcohol?

[Answer] The IBDF is arranging for a Brazilian technical mission to go to the USSR, departing on 16 July, in order to observe the technology used by that country "on the spot." We have reports that the Soviets now have 45 factories in operation, extracting alcohol from wood, and that they are exporting about 34 percent of the amount of diesel oil consumed by the satellite nations to those countries.

There is another report that the Soviets are using ethanol as well as methanol, mixed with an additive like diesel oil. Now we need to become familiar with these processes. If this information is confirmed, we shall have a great alternative for Brazil, which is replete with renewable raw materials.

[Question] Do you know of any proven experiment, outside of the USSR, with the use of wood alcohol?

[Answer] I know of a factory in Switzerland, near Zuerich, which produces methanol to be used as a substitute for oil. This factory was operating during the period of World War II.

[Question] In the event that we adopted this type of technology, what would be the state of our forests?

[Answer] We in Brazil are reinstating eucalyptus forests in 5 years, and the research indicates that this period could be reduced to 4 years. I should explain that the Swiss factory has resumed its activities, although at a slow pace. The mission going to the USSR will also stop in Switzerland upon its return.

[Question] Will this mission negotiate, or is it only a study group?

[Answer] We shall become more familiar with the processes that are being used, so that we may be able to purchase technology, if need be. And we even have a solution for such a potential purchase: We shall arrange for a barter, so that there will be no expense on the government's part.

[Question] What will the barter involve?

[Answer] We shall barter with Brazilian technology. I should also explain that the wood alcohol plants could be set up with over 90 percent backing from Brazilian industry.

[Question] When will Brazil be able to start manufacturing methanol?

[Answer] If all the reports on the processing are confirmed, we are in a position to start immediately; inasmuch as our eucalyptus reserves have been estimated at 30 million cubic meters. That volume would result in the production of 5 million liters of ethanol and 12 million of methanol.

[Question] Are there any estimates indicating how much a liter of methanol would cost?

[Answer] The Sao Paulo Power Plants (CESP), which have a pilot plant under construction in Jupia, have reported that, using the process that is being followed, a liter of methanol would cost about 3 cruzeiros.

[Question] Do you approve of the construction of large plants, such as the one that the CESP is establishing?

[Answer] I advocate the construction of mini-plants, with a production of about 10,000 liters per day, so that they may be located next to the eucalyptus groves.

[Question] How much would the construction of one of these plants cost?

[Answer] A private group of reforesters is building a mini-plant in Pirapora, Minas Gerais. Their estimates indicate a figure of about 23 million cruzeiros; that is, less than \$1 million, or less than the country is spending every 90 minutes on oil imports.

If this cost set by those in charge of the mini-plant in Pirapora is correct, and if it is decided to build hundreds of them, obviously the cost will decline.

[Question] If the reports obtained from this Brazilian mission to the USSR prove favorable, are there any indications that the government will undertake a plan for the construction of mini-plants?

[Answer] I think that the conditions have been created for the government, or the newly created Energy Commission, to attach priority to that new alternative; also because we shall have an additional advantage from the building of mini-plants: Besides the production of ethanol, which can replace diesel oil with an additive, siderurgical coke, carbon without sulfur and even feed for livestock are also obtained.

[Question] For what purpose are the businessmen in the reforestation sector constructing an ethanol mini-plant?

[Answer] As a demonstration that private enterprise can make a major contribution to the solution of the energy problem.

[Question] Isn't it because of the fact that the forest industry would increase its profits?

[Answer] I think that it is, rather, to prove that ethanol could be a great alternative and become a part of the energy policy.

[Question] Are the business owners convinced of that possibility?

[Answer] Convinced and enthusiastic. They have decided to invest; they have established a pool; and they have purchased equipment. I admit that I have not yet observed what is being done at close hand, but from the reports, it would appear that this mini-plant will be operating by the end of this year.

[Question] Are these businessmen Brazilian?

[Answer] Yes, all of them.

[Question] Do you think that the forest sector's participation in the policy on energy production has made any significant increase in the sector's economic importance?

[Answer] I think that, if we prove that the forest sector has a capacity for producing energy, it could become a fundamental element in the future direction of Brazil's energy policy.

[Question] In such an event, could the current situation (which is one marked by meager funds available for reforestation) change, with more money for these plans?

[Answer] Certainly, even with funds from abroad. In talks that we held abroad, we have found considerable receptiveness to this. For example, Germany and France are willing to invest in forestation in Brazil.

[Question] What kinds of systems could be adopted?

[Answer] These two countries have developed a tax incentive (based on income tax) to be applied to agriculture or reforestation in developing nations. This means that, if it were applied in Brazil, we would not have a ~~cost~~, but rather the use of investments.

[Question] Did any assessment of a quantitative nature result from these initial contacts?

[Answer] The contacts made in Germany and France indicate that we could obtain investments of about \$300 million per year for Brazilian firms operating in the sector. Those investors would be minority shareholders, because the Brazilian firm must actually direct the work.

[Question] How would the IBDF act?

[Answer] As a mere coordinator, without engaging in the activity per se.

[Question] Would not potential investment facilities and the priority for new alternative energy sources itself lead to a run on eucalyptus plantations, taking over areas used for food production?

[Answer] No, because we have surplus areas. An example is the meadowland: 10 percent of that area would solve the problem. Another fact to be considered is that reforestation is an activity carried out on poor land, and the eucalyptus is a tree which gives a great output, and which can better withstand the weather conditions on the meadowland.

[Question] There have been rumors that eucalyptus impoverishes the soil still further.

[Answer] I used to think so too; I believed that eucalyptus dried the soil. But just the opposite is true. It is adapted to dry soil because of its taproots, its straight roots. They operate like a drill, and it is claimed that they bore up to 30 meters deep to find water. Since the meadowland has porous soil, it deposits water at a rather deep level. Hence, on the contrary, eucalyptus enriches the soil.

[Question] Another fear that has been expressed is that, since Brazil's natural forests represent dollars (because of the utilization of very precious wood), an "economical" substitution cannot be made with plantations used for such purposes as alcohol, paper and coal. If this be the case, could not the Amazon region represent a justifiable ambition?

[Answer] The Amazon Region would never be considered for this, simply because that region is not suited for eucalyptus plantations. We uphold the theory that there is no need to use the Amazon Region for this purpose, when we have a splendid, unoccupied, low cost area, namely, the region consisting of meadowland and sections of the Northeast.

[Question] From an ecological standpoint, would not eucalyptus plantations upset the ecosystem?

[Answer] In all the forestation-reforestation plans, the IBDF decides on a minimal number of native trees that should also be planted. So, if the option of eucalyptus for energy purposes were to be adopted, we could increase the rate of preservation of the native area.

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GOLD MINING DEVELOPMENTS IN NORTHEAST, BAHIA

Gold To Be Sought in Northeast

Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Jun 79 p 8

[Text] Recife--SUDENE [Superintendency for Development of the Northeast] is going to investigate the occurrence of gold in Paraiba and Pernambuco under the terms of agreements signed with the governments of those two states. The prospecting work, which is to begin within the next few months, will be carried out initially in four municipalities--three in Paraiba (Princesa Izabel, Pianco, and Patos) and one in Pernambuco (Sao Jose do Egito).

This undertaking is part of the program known as Northeast Natural Resources Studies and Research, which has been approved by the Federal Government. The government has allocated approximately 80 million cruzeiros to the program. The occurrence of gold in the two states has already been detected, but only the prospecting now about to begin will make it possible to determine the size and economic feasibility of the projects.

No Cutbacks in Bahia Mine

Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Jun 79 p 8

[Text] Salvador--The 50-percent cutback in personnel at DOCEGEO (Rio Doce Geology and Mining Company), a subsidiary of the Rio Doce Valley Company, will not interrupt exploration at the country's largest gold mine, which is owned by Brazilian Properties and located 200 kilometers from Salvador in the Aracy backland.

Darcy Lindemayer, manager of DOCEGEO's Eastern District, has announced that this year's exploration budget has been cut from the original 55 million cruzeiros to 47 million cruzeiros. The work of excavating and opening tunnels, scheduled for March, has been postponed until August, but the project will not be abandoned.

Backland

The discovery in January of the Brazilian Properties gold mine has brought about changes in the Aracy backland, whose economy is based on the growing of sisal. Among the roots of the leafy jurubeba trees that dominate the region's landscape, DOCEGEO technicians, machinery and sophisticated equipment have invaded the backland in this "gold rush."

But this gold rush is not at all a matter of disorganized gold prospecting. Trenches have been dug from 25 to 50 meters apart, and only there do the backland's inhabitants enter as unskilled labor. They work with pickaxes, shovels, and hoes but without any precise notion of the work that is being done.

The gold was discovered in a 7-kilometer strip of rock that has now widened to 10 kilometers within the geological formation known as the greenstone belt. That belt covers more than 5,000 square kilometers and takes in 10 municipalities.

According to Darcy Lindemayer, drilling at various points to a depth of 350 meters has confirmed predictions that the Brazilian Properties gold reserve totals 45 tons. It is still expected, however, that the final figure will come to over 100,000 tons. That is the goal set by DOCEGEO if the mine is to be exploited.

11798

CSO: 3001

BRAZIL

SIMONSEN DIRECTIVE TO NATIONAL ENERGY COMMISSION PUBLISHED

Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Jul 79 p 13

[Text] A document entitled "Notes on an Energy Policy for Brazil," which was drafted by the planning minister Mario Henrique Simonsen and sent to President Joao Figueiredo, will serve as the guideline for the decisions of the National Energy Commission, coordinated by Vice President Aureliano Chaves, which will hold its first meeting day after tomorrow. In it the limited national options for the supply of fuels are set forth, as are the general lines which should guide the nuclear program, the National Alcohol Program, and the program for the expansion of the hydroelectric sector, as well as foreign policy considerations, such as the recommendation that more contact with Argentina, Mexico and Venezuela should be sought, as well as the suggestion that the best position for the BRASPETRO [PETROBRAS [Brazilian Petroleum Corporation] branch for overseas operations] in Iraq, where "an enviable oil field" has been discovered on the disputed frontier with Iran--is to continue without further investment and in exchange to obtain oil from the Iraqis at a reduced price. The document further stresses that an increase in PETROBRAS production, in particular in the Campos basin, "where there is a potential for increasing production to 350,000 barrels per day," has the greatest priority among the items in the energy program. It further warns of the fact that the slogan "The oil is ours" is only valid if the oil exists and is known.

Guidelines for the National Energy Commission

No national problem requires resolution so urgently as the energy policy. On the basis of the observation that inflation is very bad, but an external blockage fatal, and in view of the escalation of prices imposed and threatened by the OPEC, there is not for the moment any definition with greater priority than the energy policy. Imports of crude oil, which may exceed \$7 billion

in 1980, could raise the trade deficit, the current accounts deficit and the foreign debt to dangerous levels. It should be noted that the increases announced by the OPEC have an unfavorable effect on our trade balance in three ways: a) directly, through the increase in the oil account; b) indirectly, through the impact on international inflation and the increase in the prices of our other imported products; and c) again indirectly, through the shrinking of world markets, making an increase in our exports more difficult.

The development of our foreign accounts improved considerably between 1974 and 1977, with a shift from a trade deficit of \$4.7 billion to a surplus of almost \$150 million, and with a reduction in the current accounts deficit of from \$7.1 to 3.9 billion. The 1978 figures were worse, although at the time they were explained by the drop in farm exports due to the drought. The fact is that the deficit in 1979 is likely to exceed that in 1978, and the current accounts deficit, because of the weight of interest, should reach its nominal record, passing the \$8 billion mark. Brazil still has good credibility abroad, above all due to the high rates of growth in exports and the high level of international reserves. Maintenance of this credibility, however, depends on optimistic international expectations as to the future of our balance of payments. This future depends basically on two points: maintenance of the export increase effort, and resolution of the energy question.

An energy program should be conceived as an application of economic engineering and not as the brainstorming (exercise) of new ideas and studies. The problem is not only that of identifying possible sources of energy, for they must be sources which can be used at reasonable costs and on a large scale. Intensive research efforts are necessary and useful, but they should be kept in a separate department, only being incorporated in the energy program at the time when they prove applicable on a large scale and at reduced cost.

In connection with the principle to the effect that industrial application and laboratory experimentation must be differentiated, it is important to recall that the energy program must be developed within a framework of limited resources. A proposal accepted means another rejected, and since this is the case, it is indispensable to rank them on the basis of the cost-profit ratio. By way of example, the schist plant in Sao Mateus is budgeted at about \$1.5 billion. With this investment, approximately 300 drillings could be made to prospect for oil. It is almost certain that the second solution is preferable to the first.

There are only five basic sources, already tested, for the Brazilian energy program: hydroelectric, nuclear, oil, coal and alcohol (ethanol). It is obvious that firewood and draft animals will continue to be important energy sources in the rural sectors, that some results can be obtained from solar and wind energy, and that the applications of methyl alcohol are worthy of much study. However, Brazil needs to define itself in terms of energy possible before all this research is completed. If, for example, methanol

mixed with vegetable oils proves to be a good substitute for diesel oil, so much the better. However, we must be prepared for the fact that this may not be the case. On the other hand, it must be remembered that not all the energy policy ideas can be put into practice under the present government. This being the case, it is necessary to begin with those already tested, technically and economically.

In the realm of electrical generation, the natural path for Brazil until the end of the century is the utilization of the water potential. The historical rate of expansion of installed capacity, at about 11 percent per year, seems worthy of extrapolation in the government program. After the end of the century, expansion should be based on nuclear fission.

This picture seems to dictate the rate which should be imposed upon the nuclear program. It is for the time being an uneconomical program in terms of cost per installed kilowatt (\$2,000 to \$3,000, as compared to \$750 at Itaipu, and a smaller investment at other hydroelectric installations). Its value, however, involves the achievement of a new technology, mastery of which is indispensable to the future of the Brazilian economy and national security. Thus the rate which must be imposed on the program is that required for this absorption of technology, respecting the need to implement the agreement with West Germany. The right result is being achieved along the wrong line: the nuclear program is lagging, in part because the NUCLEBRAS [Brazilian Nuclear Corporations] has limited resources, but above all because of the technical difficulties which have to date hindered the functioning of Angra I, a plant with conventional and imported technology using a turnkey system. The most important point in the program in terms of immediate priority is the PRONUCLEAR aspect: the selection of very well-educated engineers for training in nuclear energy.

Mastery of Nuclear Technology Indispensable

Although Brazil should not expand electrical power generation by means of conventional thermal plants using diesel or fuel oil, it is necessary to avoid the holy war of hydroelectrification, which seeks to eliminate these conventional technologies without considering costs. There are diesel generators in many cities in the interior which consume no more fuel than a dozen buses. To provide these cities with hydroelectrical energy by building transmission lines hundreds of kilometers long might represent energy self-consumption. The kilowatt hours used in the production of the aluminum for the transmission lines might perhaps be equal to the consumption of electrical energy in these cities in 100 years.

In the oil sector, the simplest and most economical way of reducing our dependence on foreign sources is to increase PETROBRAS consumption. It should be noted that oil is becoming more costly and scarce, but it will still be the main source of energy for the Western world for the coming decade. At least in the Campos basin there is a potential for increasing PETROBRAS production to at least 200,000 and possibly to 350,000 barrels

per day. This increase in production is the item in the energy program with greatest priority. At \$30 a barrel (which is perhaps not an accepted estimate for 1981/82), 200,000 barrels per day would represent \$2.2 billion per year.

Along this same line of thinking, it is important to speed up the signing of new risk contracts as much as possible, doing away with the requirement that the concession be limited to areas where the seismic studies have already been carried out by PETROBRAS. From the political point of view, this can be justified without major concern, because the slogan "The oil is ours" is only valid if the oil exists and if it is known. From the practical point of view, risk contracts, although they cannot work miracles, multiply the drilling capacity of PETROBRAS. If some concrete results are achieved, Brazil will be able to draw on the future, as England and Mexico have done.

As self-sufficiency in oil is for the time being but a dream (although less dependence may be a reality), it is important to find substitutes, not for current consumption but to slow the increase in consumption. To date only two substitutes worthy of confidence economically have been discovered: ethanol, as a substitute mainly for gasoline (and secondarily, for naphtha for petrochemical purposes and for diesel fuel), and coal, as a substitute for fuel oil and for naphtha for producing gas.

The production goal of 10.7 liters of alcohol by 1985 (equivalent to approximately 170,000 barrels of gasoline per day) should be accepted as a basic part of the Brazilian energy program. However the resolution of three points remains: 1) financing of the expansion of ethanol production; 2) the necessary adjustments in the farm policy; and 3) the supplementary programs for replacement of other petroleum byproducts.

In the original 1975 version, the National Alcohol Program was launched on the basis of resources to be provided by the National Monetary Council. This was a strange way of allocating resources, but there were two justifications at the time: 1) the IAA [Sugar and Alcohol Institute] still had abundant resources collected as quota contributions on sugar exports, which at the time benefited from very high international prices; and 2) the establishment of prior deposits on imports provided a source of resources then, at no cost, for the Monetary Council. Today the resources of the IAA have been exhausted, and instead it has a deficit with the Bank of Brazil, and the prior deposit on imports was eliminated. The desirable form of financing from now on would be obtaining foreign resources (since the energy substitution programs have a strong appeal on the international market), and the subsidizing of interest with national budget resources. In order to be able to include these resources in the budget it will probably be necessary to increase income, which could be achieved through the income tax.

One aspect to be considered in the alcohol program is its effect on farm production in general, and on food crops in particular. As is known, the cultivation of sugar cane requires reasonably fertile land. There is the possibility that PROALCOOL incentives will simply lead to crop substitution,

with a reduction in the domestic supply of foodstuffs and the consequent effects on inflation. It is important to prevent this from happening by creating, parallel to the program, another for the expansion of areas planted to basic food crops, possibly in association with PROALCOOL.

Technically speaking, the best use of ethanol is as a substitute for gasoline, and secondly, as a substitute for naphtha in oil chemistry (alcohol chemistry). It is also possible to use alcohol as a substitute for diesel fuel, either by adding to it a nitrate recently rediscovered by Mercedes-Benz (which has the undesirable quality of being highly explosive), or by replacing diesel engines with alcohol engines. This substitution, however, is much less economical. Setting aside the fact that gasoline is a more illustrious petroleum product than diesel fuel, because it is composed of hydrocarbons with a shorter chain, there is the problem in substitution of the physical proportions: a liter of gasoline is replaced by 1.1 liters of alcohol, and 1.5 liters are needed to replace a liter of diesel oil. This means that economically, the preferred use of ethyl alcohol should be as a substitute for gasoline.

Along this line of thinking, the best plan would be to use ethanol to replace gasoline on the domestic market, and to maintain the current refinery proportions, exporting the gasoline surplus (since the price of gasoline on the international market is substantially higher than that of crude oil). It is possible that if the present refining proportions were maintained, this would produce too large a gasoline surplus to be marketed. Even in such a case, it would be better to adapt the refinery proportions to a greater production of diesel oil than to use alcohol as a substitute for diesel oil. Obviously the change in the refinery proportions entailed in the National Alcohol Program may require adaptations at the PETROBRAS refineries. However these adaptations are feasible in time. In addition, the surplus gasoline and naphtha can be mixed in a proportion of up to 30 percent with diesel oil.

One problem to be defined without preconception is the involvement of PETROBRAS in the National Alcohol Program. Here it is necessary to avoid extremes, either creating a monopoly for PETROBRAS, virtual or legal, on the marketing of alcohol or its transportation, and attempting to remove PETROBRAS from the system, which would be simply unrealistic, at least where transportation and distribution are concerned. The role played by PETROBRAS as a minority stockholder in alcohol programs should not be exaggerated (because the enterprise has tasks of greater priority to carry out, beginning with the prospecting for oil and the development of the Campos basin), but neither should it be eliminated a priori. Just as there is no reason either, on the justification that "the alcohol is ours," to exclude the multinational enterprises from the system.

Parallel to the National Alcohol Program, the coal program should be developed. Here the following uses are desirable, in order of priority: a) to replace fuel oil; b) to replace naphtha for piped gas; and c) for use at thermoelectric power plants.

Substitution of Coal for Oil

The substitution of coal steam for fuel oil is fully feasible, although it must be taken into account that: 1) the substitution is costly; and 2) the production of coal must be greatly increased, if this substitution is to be carried out on a meaningful scale. Instead of dispersing substitution efforts, it would seem desirable to concentrate them under the present government on a single industry, that producing cement (which consumes about a fourth of the fuel oil used in the country). It will be necessary to subsidize coal in the substitution period. When the substitution process is completed in the cement sector, the subsidy could be eliminated and incorporated in prices. It should be noted that in order to achieve this result, it will be necessary to increase coal production considerably, involving new groups of businessmen, among whom a) cement producers themselves, and b) public works contractors (whose equipment is useful in open-air mining) could be stressed.

Supplementary uses of coal might be as a substitute for naphtha in the production of piped gas, and use at thermoelectric power plants located at mine sites (above all in the case of fine steam vapor, the transportation of which is uneconomical).

Methanol is worthy of greater study, but is still far from a favorable definition. The technology for its production from coal has been known since the beginning of the last century. The problem is economy in the use of coal in methanol versus other alternative uses. Methanol obtained from wood depends on its prior carbonization. It seems that the best use here is charcoal. The use of vegetable oils as lubricants and additives to methanol is also worth study, but for the time being, it is a matter of research only.

BRASPETROL has discovered an enviable oil field in Iraq. Unfortunately, it lies not only in Iraq but on the disputed frontier with Iran. The most practical solution seems to be that recommended by the ELF [Gasoline and Lubricants Company of France]: the Iraqis will explore the field and will sell the oil to Brazil at a certain discount. The results may be frustrating from certain points of view. But it would be still more frustrating for BRASPETROL to make an investment of a billion dollars or two with subsequent expropriation.

Currently the consumption of oil plus anhydrous alcohol is equal to about .2 million barrels per day. Imports of crude oil total a million barrels. This consumption can be projected to 1.8 million barrels by 1985. This projection, at an annual average rate of growth of 7 percent, presumes an admirable effort in rationalizing the use of liquid fuels. Substitution of 25 percent of the fuel oil would be equivalent to about 8 percent of this total, i.e. 144,000 barrels per day, and the 10.7 billion liters of alcohol to 170,000 barrels per day. With an increase in PETROBRAS production to 500,000 barrels per day, oil imports will be stabilized at the current level of a million barrels per day.

Can stabilization of consumption of imported oil at a million barrels per day be regarded as a plausible goal for the energy policy? Everything depends on how OPEC prices develop. If we project a figure of \$30 per barrel for 1985 (which seems conservative), the annual oil account would come to nothing less than \$11 billion. Even allowing a discount for the devaluation of the dollar, and if we assume that Brazilian exports may exceed \$25 billion by 1985, the figures seem frightening. However, better results for the energy program depend on rather dramatic solutions.

The ideal hypothesis would be the discovery of oil in amounts far beyond the above hypotheses. Even if this production had not been begun by 1985, Brazil would have to draw against the future. Therefore this is but a dream.

A drastic solution would involve rationing the increase in fuel demand. If, for example, demand in 1985 were equivalent not to 1.8 but to 1.4 million barrels per day, maintaining the other hypotheses as to the expansion of production by PETROBRAS, the alcohol and coal programs, crude oil imports would fall to 600,000 barrels per day. The problem is how to achieve this rationing. Using prices, some results could be achieved for gasoline, but this is less true for diesel and fuel oil, and the inflationary byproducts are usually terrible. Direct rationing is easy for gasoline, but could bring serious bottlenecks for other products. The only effective rationing comes through economic stagnation (or semi-stagnation). This hypothesis for the Brazilian economy is also frightening.

A great investment effort would involve increasing the goal of alcohol production to 15 billion liters, and the program for substituting coal for fuel oil by 50 percent. The additional economy would come to about 200,000 barrels per day. Given this hypothesis, a broad recycling of the Brazilian economy would be necessary, with the concentration of massive investments in the energy sector, and abstaining from expenditures in other sectors with lower priority.

The above considerations lead to one conclusion: unless a real war economy scheme is adopted, Brazil will not be able to free itself in the coming years from heavy dependence on foreign sources in the realm of fossil fuel supplies. The alcohol and coal programs and the expansion of production by PETROBRAS should reduce the level of dependence, but it will be difficult to reduce the physical volume of imports significantly. Maximum national security clashes visibly here with any program for improving the quality of Brazilian life.

The vulnerability of Brazil obviously lies in the unpredictability of the development of oil prices, which are not solely based on market criteria, but are affected enormously by influences of a political and religious nature. The conclusion to the effect that the OPEC can throw the Brazilian balance of payments into confusion is worthy of note. However the anarchy would not be limited to our balance of payments, but would contaminate the entire oil import world. The hypotheses in such a case range from a general accommodation of the economy, with inflationary surges, imbalance in the

indebtedness and temporary minor recessions, but no major catastrophes, as occurred after 1974, and, at the other extreme, and with apocalyptic implications, the outbreak of a third world war.

Adoption of a War Economy

At a time when a process of greater political openness is being launched, it seems impossible or at least hardly to be recommended to develop an economic policy which demands enormous sacrifice of the people in the name of a catastrophic possibility where the world supply of oil is concerned. However, it is essential that should the worst occur, the nation should not be unprepared. This suggests that in the oil sector, the energy program of the government should be developed in terms of three projects:

- A) The basic project, designed to increase PETROBRAS production to 500,000 barrels per day by 1985, to replace 25 percent of the fuel oil by coal, to increase alcohol production to 10.7 billion liters per year, and to speed up risk contracts;
- B) A supplementary project depending on the results of further research, calling for, in addition to the increase in alcohol production to 15 billion liters per year, the use of substitutes for diesel oil, and the more extensive substitution of coal and Bolivian gas (which may come to 65,000 barrels per day) for fuel oil; and
- C) An emergency project to be drafted by the Ministry of Mines and Energy, the SEPLAN, the EMFA [Armed Forces General Staff], and the National Security Council, for the possibility of an abrupt, total or partial, reduction in our foreign supplies of oil.

The basic project would be set forth in detail, while the supplementary one would involve only general outlines. The emergency project, obviously, would be of a secret nature.

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PRESS REPORTAGE ON RISK CONTRACTS, EXPLORATION INVESTMENTS

Risk-Contract Areas Expanding

Rio de Janeiro O GLOBO in Portuguese 13 Jul 79 p 17

[Text] Mines and Energy Minister Cesar Cals announced yesterday that the National Energy Commission authorized PETROBRAS [Brazilian Petroleum Corporation] to expand risk contract areas nationwide and sign contracts in every region of the country--on land and on sea--of interest to any multinational company willing to look for oil. The only restriction will be on risk contracts signed with domestic companies, because PETROBRAS is directed to grant concessions only in areas where it is believed that petroleum may exist.

Cesar Cals explained that PETROBRAS had been asking for bids only on off-shore exploration, but it is now expanding to include exploration on land. He added that the restriction on Brazilian companies is not an effort to create obstacles, since all regions PETROBRAS has prospected will be open to them. "We will let the international company explore anywhere. At their risk and with their money. In the case of domestic companies, however, the government is obligated to protect the nation's financial resources," he explained.

Monopoly

The mines and energy minister also said he continues to oppose proposals to end the petroleum exploration and refining monopoly as suggested by Governor Paulo Maluf of Sao Paulo. He stressed that he does not think it is a good idea because it is being brought up in Brazil at precisely the moment when all nations want to have control of energy sources.

"I do not see why Brazil should lessen its control over petroleum just when everyone else wants to have it. The great potential in Brazil's having an energy policy and in being able to conduct large-scale negotiations resides in the fact that we have a large state enterprise operating in the sector. The monopoly cannot be touched. The big producers would love to have such control as we now have," he asserted.

Minister Cesar Cals also announced that he met in Rio de Janeiro yesterday with the directors of the Mineral Resources Prospecting Company to convey the new guidelines the company will follow from now on, in keeping with the energy crisis. He added that the company must now concentrate all its technical and financial resources on prospecting for minerals that can help reduce the nation's dependency on petroleum.

"We are going to restrict the CPRM [Mineral Resources Prospecting Company] to looking for new deposits of coal, uranium, thorium and fertilizers to make the regional alcohol production programs feasible. The alcohol program, to be feasible, must have a regional character, so that we do not waste a lot of fuel in transporting it. The same thing holds true for fertilizers. We must mobilize the CPRM to find new deposits."

The mines and energy minister also announced he had met with ELETROBRAS [Brazilian Power Companies Inc], which he asked to make studies for reactivating some hydroelectric mini-stations and to avoid expansion of thermoelectric power. Thermoelectric power plants must have their consumption of petroleum derivatives frozen in the coming years.

Five Risk-Contract Awards

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 79 p 23

[Text] Rio de Janeiro--Five new risk contracts will be signed by PETROBRAS with Citco, Marathon, Canam, Chevron, Esso, Union Oil and Pecten, as a result of the decision made yesterday by that state enterprise's Council of Administration in regard to proposals submitted in the third round of bids involving 42 areas, of which 21 are on the continental shelf and an equal number on sedimentary land basins.

The contracts approved yesterday will be signed for petroleum exploration off the Amapa coast, at the mouth of the Amazon and off the coast of Maranhao and Bahia. Negotiations were begun yesterday with petroleum companies interested in exploring areas located on land in the Amazon basin, since the other tracts offered, in the Parana basin, did not attract any bids.

Investments

Eight exploratory wells, in which at least \$65 million (1.69 billion cruzeiros) will be invested, will be drilled on the Brazilian continental shelf by the 7 foreign companies with which PETROBRAS will sign new risk contracts. The areas to be explored average about 2,500 square kilometers.

For the new risk contracts, Esso and Marathon will work individually; Pecten, Chevron and Union Oil will form a consortium, while Citco, Canam, Chevron and Union Oil will set up a second group of companies.

Iraq

BRASPETRO [PETROBRAS branch for overseas operations] announced yesterday it has "the firm intention" of developing the petroleum deposits it discovered in Iraq "and as soon as possible." It denied reports that, in view of the \$1 billion investment required just to produce petroleum in the Majnoon field, it would limit itself to getting reimbursed for its investments in the exploratory stage, without participating in future production.

BRASPETRO technicians are now in Iraq discussing with the management of INOC [Iraqi National Oil Company?], Iraqi state enterprise, the technical evaluation and development program for the Majnoon field which, with reserves estimated at 7 billion barrels, is considered a "supergigantic field."

Competitive Bidding

According to BRASPETRO, after INOC approval of the development plan for the Majnoon field, international competitive bidding will be held to select companies for construction, erection, manufacture and furnishing of equipment, supplies and fixtures.

The contract signed with INOC, according to BRASPETRO, is similar to that which was adopted by PETROBRAS for its risk contracts.

Paraguay Seeks Brazilian Participation

Rio de Janeiro O GLOBO in Portuguese 11 Jul 79 p 17

[Article by special correspondent Augusto Mario Ferreira: "Paraguay Wants to Offer Areas for Petroleum Exploration"]

[Text] Sao Paulo--Only a formal request is needed for the Paraguayan government to give Brazilian companies concessionary areas for petroleum prospecting and exploration on its territory in the Chaco region or in Presidente Hayes Province, where several international companies, including Exxon and Texaco, are already operating.

That assurance was made yesterday by Mr Delfin Ugarte Centurion, Paraguayan minister of industry and commerce, according to whom the Paraguay government looks favorably on the possibility of Brazilian companies also participating in the search for oil in his country. He stresses that the risk contract has "very broad terms" according to the law passed by the National Congress. There are strong indications at least of natural gas in that region and Paraguayan authorities are confident of the possibility of there being petroleum deposits.

Paulistas

Minister Centurion said that negotiations of risk contracts were not begun with Governor Paulo Maluf, but that if CESP [Sao Paulo Power Plants] and

the IPT [Technological Research Institute] are interested those companies will also receive areas of 600 square kilometers and can begin work almost immediately, as soon as parliament approves the law.

He added that Exxon already has an exploratory well in Presidente Hayes that is about 3,000 meters deep, which does not yet permit an evaluation of possibilities, believing that this will be possible when a greater depth is reached. To assist the concessionaires, a project is already underway to build a pipeline connecting the Bolivian oil fields with the Paraguayan capital, passing through the entire region where drilling is taking place.

The minister announced the arrival "soon" in Sao Paulo of a Paraguayan economic mission to pursue negotiations with Brazilian businessmen for the purpose of establishing joint-venture programs with Paraguayan groups, at which time the matter may be discussed with the Sao Paulo government and other interested organizations.

Conditions

Paraguay is interested in its industrialization program and is already attracting foreign investments, which totaled \$600 million in the last 5 years, made by Brazil, Argentina, Germany, the United States and Japan. Brazil alone has made and is making investments of \$200 million.

The Paraguayan government is also granting special incentives for such investments, permitting all profits to be repatriated in dividends and all capital goods to be incorporated, as well as granting a 50 percent income-tax exemption. After the third year capital amortization payments may be repatriated.

Minister Delfin Centurion remarked that Paraguay could become a good field in which Brazilian businessmen could get experience in "multinationalizing" their companies. He recalled that Brazil is already active in foreign markets in the services area and exports, but only now is beginning to invest in international ventures abroad.

Sao Paulo Prospecting Plans

Fio de Janeiro O GLOBO in Portuguese 11 Jul 79 p 17

[Text] Sao Paulo--There are already five private companies interested in participating individually or jointly with the government in petroleum prospecting and exploration in the state of Sao Paulo, it was announced yesterday by the secretary of industry and commerce, Mr Oswaldo Palma. There will be a meeting in the secretariat tomorrow with representatives of these companies to discuss the bases of participation.

Secretary Oswaldo Palma met with the governor in the company of former Transport Secretary Tomas Magalhaes, director of Montreal, one of the

interested companies. At the meeting Mr Paulo Maluf announced that the IPT has a chart of Sao Paulo's theoretical stratigraphic profile made from radar and satellite surveys indicating five regions where petroleum may exist.

They are the regions of the Upper Piratininga, near Bauru; Domo do Jacu, near Angatuba; Pitanga, near Rio Claro; Tres Lagoas, on the southern Mato Grosso border; and Anhembi. At this meeting the operating procedure was also worked out, dividing it into three stages: in the first, holes will be drilled to a depth of 500 meters to verify the profile data; the second will be for mapping the region and drilling pioneer wells; and the third stage will be that of exploration itself.

Domestic Firms Have Flexibility

Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jul 79 p 15

[Text] Domestic companies will have more flexible terms for participating in petroleum-exploration risk contracts, Mines and Energy Minister Cesar Cals announced in Rio de Janeiro yesterday. He also confirmed expansion of risk areas, including those contiguous to where PETROBRAS is now drilling.

PETROBRAS has now been authorized to buy or rent offshore drilling platforms worldwide, wherever they are available, Minister Cals also reported, announcing that the goal for next year is to drill 1 million meters in exploring new areas of domestic production.

No Risk

In response to a reporter's question about expanding risk-contract areas, Minister Cesar Cals said:

"That had already been decided by presidential directive. We are now locating risk contracts on land, where they had not previously been located. We located the risk contracts in areas contiguous to those where PETROBRAS is drilling because they said that these areas were unattractive.

"And now," he concluded, "we are opening up the risk contracts to Brazilian firms. We are not requiring that experience which was a requirement of the risk contract. We are requiring that they have consulting support, but the domestic company will have more flexible terms."

Asked about the first meeting next week of the newly-created Energy Commission, of which he is secretary, Minister Cesar Cals did not divulge any matters to be discussed. But he did confirm that the major decision will be that of setting an import quota for crude oil.

The government's major concern is with fuel oil, almost all of it consumed by industry, the minister remarked. He thinks that over a period of 2 years, by using domestic coal, up to 50 percent of the fuel oil now being

consumed can be saved. This problem is more complex, he noted, since various things have to be worked out, such as transporting the coal, reconverting industrial processes and so forth.

The PETROBRAS president, Mr Shigeaki Ueki, who also attended the ship launching in Caju, was reserved in his contacts with the press. After the mines and energy minister's interview announcing the goal of drilling 1 million meters next year, he confirmed that this year it would be "a little more than 700,000 meters," and guaranteed that "the goals will be fulfilled."

Planning Minister Mario Henrique Simonsen, also present, preferred not to talk about rationing, noting in a general way that there will be a need for recycling in some sectors, such as industry. The navy minister, Admiral Maximiano Fonseca, acknowledged that it will be difficult to reconcile the interests of the Navy with fuel economy (the fleet uses, he mentioned, 0.2 percent of the nation's fuel oil), but he promised an effort in that direction.

Figueiredo Visits Campos Basin

Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jul 79 p 15

[Text] Brasilia--Press Minister Said Farhat announced yesterday that the government has decided to expand the areas chosen for petroleum exploration through risk contracts--on the land as well as on the sea--and the National Energy Commission will study the matter at one of its coming meetings.

To exchange ideas about the best way to intensify oil prospecting and exploration in Brazil, President Joao Figueiredo will be visiting two PETROBRAS platforms off the Campos coast today. Minister Farhat said the president's trip to Campos has the dual purpose of personally verifying progress of the work in that region and "hearing at first hand the opinions and expectations of PETROBRAS technical personnel about the fuel problem."

The National Energy Commission will study the problem of short-term risk contracts, and may make some changes in its philosophy, including making them less rigid in order to attract increasing numbers of foreign companies interested in looking for oil in Brazil. Asked about the possibility of the risk contracts being changed in their basic nature, Minister Said Farhat said he was not familiar with the subject and preferred to wait until the question was decided by the Energy Commission.

The press minister defended the risk contract system in contending that it "results in interested companies making necessary and suitable investments for petroleum prospecting, with the risk inherent to that type of operation, without needing to disturb the monopoly exercised by PETROBRAS, whose recent results have been quite good."

"It is not a question of a monopoly or not; what matters in this case is the greater or lesser access of businessmen to prospecting and exploration. This is obtained through the risk contract and the minister of mines and energy, Cesar Cals, himself said that if there is petroleum he will find it," asserted Minister Farhat.

In regard to participation by domestic companies in risk contracts, the press minister said the government is not contemplating establishment of comparative advantages for foreign companies. According to him, "petroleum prospecting requires a degree of administrative and managerial maturity that, I believe, many Brazilian firms now have." Mr Said Farhat believes that "many domestic companies could get along without any type of favor. What they would really like is to compete on equal terms."

Intensified Exploration Efforts

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jul 79 p 56

[Text] Rio de Janeiro--PETROBRAS is already revising this year's budget to meet the government's priority for increasing petroleum exploration efforts, previously set at 30 billion cruzeiros, and has begun planning its budget for 1980. That announcement was made by the PETROBRAS exploration superintendent, Raul Mosma, during President Figueiredo's visit to the Campos Basin.

According to Mosma, petroleum exploration on the continental shelf has absolute priority, so much so that PETROBRAS is expanding the outer limits of the Campos Basin toward Cabo Frio to the south and Vitoria to the north. Beyond that, drilling is now seeking petroleum-generating rock at greater depths.

PETROBRAS will resume exploration in some basins that have been abandoned. Work at the Parana basin will be intensified, and exploration at the mouth of the Amazon will be resumed within a year. Work at the mouth of the Amazon was suspended at the end of 1978 for a reevaluation of information obtained from about 40 wells drilled up to that time.

Mosma said the number of wells can be determined only after seismic tests whose results generally appear after a year's work. But the accelerated exploration process has already begun and in 1981 PETROBRAS will drill a much larger number of wells.

Mosma said that major exploration problems are related to technology itself and availability of technicians. According to him, the technology used previously did not give satisfactory results, but it is now more developed, providing better research through seismic tests.

As for technical personnel, he reported that PETROBRAS will try to rely on the resources it already has to step up work in the immediate future. He

says that training a geologist requires a minimum of 5 years and this work is being strengthened by the state enterprise, although it will be necessary to increase the technical staff by 20 to 30 percent. Mosma declined to reveal how many persons this percentage represented in absolute numbers.

At this moment PETROBRAS has only two Brazilian seismic teams, which are operating in Bahia and Sergipe. The 3 others are American and French and within a short time the company intends to have a total of 11 teams.

Intensified exploratory work on the continental shelf will be concentrated in the Campos, Ceara, Rio Grande do Norte, Sergipe, southern Bahia and Espirito Santo basins. On land, the restoration programs in the Bahian Reconcavo, which has had a constantly declining production, will be stepped up. Some land regions are very difficult to work in, such as the Amazon and the interior of Maranhao in the Alagados region. But these areas will also be reactivated.

According to the exploration director, Carlos Walter Marinho Campos, the company's intention is to use new ideas in already familiar places. With that in mind, work will be intensified in the Amazon region. According to rather old studies, that region may have petroleum, since some millions of years ago the Amazon River ran in a different direction than it does now. As petroleum generation is concentrated in the deltas of rivers, it is quite probable that oil will be discovered in that region, as has been happening with considerable success in neighboring countries such as Peru and Venezuela.

However, it takes at least 5 years from discovery of a petroleum field until its entrance into production. No matter how much the work may be intensified, it could not raise the nation's petroleum production appreciably over the short term.

Campos Basin Problems

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jul 79 p 56

[Text] Rio de Janeiro--PETROBRAS is making massive investments in the Campos Basin, but has yet to see any return. And it is not a matter of drilling and not finding oil. After all, the Campos Basin has 83 percent of total continental-shelf reserves, estimated at a little more than 700 million barrels. It is really a matter of poor planning, since, with the extreme need to increase domestic oil production, the company chose a little-known technological process, new to Brazil, and the 45,000 barrels of oil daily that had been expected since March 1977 even today, 2 years later, is no more than 9,500 barrels.

The delay was so great that even the contract with Lockheed, one of the companies responsible for installing the system and also for its failure, expired last December. New negotiations are now in progress and PETROBRAS

has set a period of 450 days in which to complete the whole project, even taking into consideration adverse sea conditions, which are always cited in discussing delays. It is one of the company's most delicate subjects and information, besides being scarce, is often contradictory. Renegotiation with Lockheed has been very slow and the major bone of contention is the additional funds to be injected into the system. Although the range of negotiations is about \$25 million, there are already indications that the eventual investment will be somewhat higher, contrary to what PETROBRAS had hoped. So far the provisional Garoupa system has devoured \$225 million. And there is no stipulation in the contract about suspended profits.

In view of the problems and the constant drain of funds, PETROBRAS even thought of abandoning the project. But it was already too late and following through on it would cause less damage than terminating it. The provisional system will just be getting underway at about the same time as will the definitive system, which is planned for the latter part of 1982.

Beyond all this, of the nine wells planned previously, only eight will be part of the system and by the end of this year only three wells will be operating, which is to say that one more well will be in operation by December. Furthermore, the much-heralded 45,000 barrels of oil daily will not go beyond 30,000 barrels. This week the second well, Namorado 1, began operating with 8,000 barrels a day, although expectations were for no more than 6,000 barrels daily.

In view of such troubles, the system remained provisional indeed, since to call it preliminary would be an exaggeration, unless the definitive system is also delayed. And it, in turn, has had problems that are far from minor. In spite of reports that it would produce 220,000 barrels a day beginning in late 1982, the timetables are quite different. By the end of 1983 the definitive system will be taking out only 63,000 barrels a day, increasing to 190,000 barrels the following year. By then, according to current estimates, it will have absorbed 45 billion cruzeiros, without counting money invested in drilling the wells. Just one part of the distribution system, a pipeline from Campos to the Duque de Caxias refinery, will cost 4.7 billion cruzeiros.

But from all its bad luck with equipment PETROBRAS managed to draw some benefit. The platform for the Namorado 1 field sank while being transported from the McDermott dock in Scotland to the Campos basin. PETROBRAS then had to make out a new order and took advantage of the opportunity to change the project by increasing the size of the platform. In so doing, it also changed the timetable for beginning operation of the wells, for with each new study the fields are reevaluated, indicating greater production.

8834

CSO: 3001

BRAZIL

IBOPE POLL REVEALS PUBLIC CONFIDENCE IN FIGUEIREDO

Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jul 79 p 4

[Text] Brasilia--An IBOPE [Brazilian Statistics and Public Opinion Institute] study released yesterday by the Mass Communications Secretariat of the Presidency of the Republic revealed that the popularity of President Joao Figueiredo, after the first 100 days of government and on the day the amnesty proposal was sent to the Congress, had reached a rather high level in the city of Rio de Janeiro. Of the 200 persons questioned, for example, 87.5 percent believe that the head of the government "is sincere in his assertions."

The study further concluded that of the 200 persons questioned, including men and women over 18 years of age, 86.5 percent believe that President Joao Figueiredo "gives the impression of a simple man," 12 percent believe he does not, and 1.5 percent had no opinion. Of this 86.5 percent, 86.2 were men, 91.6 percent were over 40, and 92.8 percent earn less than 5,000 cruzeiros per month.

Sincerity

Eighty-seven percent still believe that the president "is sincere in what he says," nine percent believe he is not, and four percent declined to express an opinion. Of those who have faith in the president, 89 percent were men and 91.6 percent were between 18 and 24. The most skeptical--14.8 percent--were between 25 and 29 years, and 11.4 percent earn between 10,000 and 20,000 cruzeiros.

The sincerity of the president of the republic was doubted by 9.5 percent of those surveyed, but 87.5 percent believe that "he is sincere in his assertions." Of this total, 90 percent were men, 92.6 percent were between 30 and 39 years of age, and 92.1 percent earn between 5,000 and 10,000 cruzeiros per month.

The citizens of the Rio suburb of Leopoldina and the periphery revealed the greatest faith in the president's sincerity. The most skeptical live in the southern zone of Rio. The absolute majority of those with faith in the

president's sincerity also live in the central part of the city, the periphery and Tijuca.

Presidential Image

Those earning less than 5,000 cruzeiros per month were pleased by the fact that the president can be seen by the people engaging in physical exercise, riding horseback, or smiling in official photographs. Of the 200 interviewed, 85.5 percent believed that "the president is right" while 14 percent that he is wrong.

Of this total interviewed, 89 percent were men and 81.3 percent were women. Only 3.7 percent of the individuals between 25 and 29 years of age condemned the president. Those disliking the presidential image most were between 30 and 39 years of age.

The most unfavorable views about the head of state pertained to his closest advisers. Almost 28 percent of those interviewed, for example, believe that "the president is surrounded by incompetent people," while 67.5 percent believe the opposite is true. Among those approving of the presidential advisers, 67.9 percent were men and 67 percent women.

The competence of those advising President Joao Figueiredo was doubted by 50 percent of the individuals between 18 and 24 years of age. Of those over 40 who were interviewed, however, 74.7 percent expressed the view that "the president is surrounded by competent people."

Prognosis

In the view of 18.5 percent of those surveyed, President Joao Figueiredo will have an "excellent" government, according to 52 percent it will be a "good government," 26 percent expect a "regular" government, 5 percent a "bad" government, and 1.5 percent "disaster."

Compared to previous governments, 62.5 percent of the people surveyed believe that the government of President Joao Figueiredo will be better, 32.5 percent expressed the view it will be the same, and 3.5 percent said it will be worse. A total of 81 percent of those surveyed believe that the president should continue with this style of government, 18.5 percent expressed the view he should change, and 5 percent declined to express an opinion. This study was ordered by the Presidency of the Republic.

The Study

Those Surveyed Said the Government of President Figueiredo Will Be:

| | <u>Excellent</u> | <u>Good</u> | <u>Ordinary</u> | <u>Bad</u> | <u>Cata- strophic</u> | <u>No Opinion</u> |
|---------------------------------------|------------------|-------------|-----------------|------------|---------------------------|-----------------------|
| Total | 18.5% | 52.5% | 26.0% | 0.5% | 1.5% | 1.0% |
| Sex: | | | | | | |
| Masculine | 22.0% | 50.5% | 24.8% | 0.9% | 1.8% | -- |
| Feminine | 14.3% | 54.9% | 27.5% | -- | 1.1% | 2.2% |
| Age: | | | | | | |
| 18-24 | 8.3% | 55.6% | 33.3% | 2.8% | -- | -- |
| 25-29 | 25.9% | 48.2% | 22.2% | -- | 3.7% | -- |
| 30-39 | 11.1% | 59.2% | 25.9% | -- | 1.9% | 1.9% |
| 40 and over | 25.3% | 48.2% | 24.1% | -- | 1.2% | 1.2% |
| Socioeconomic class: | | | | | | |
| D (up to 5,000 cruzeiros) | 18.2% | 60.0% | 20.0% | -- | 1.8% | -- |
| C (5,001 to 10,000 cruzeiros) | 27.0% | 46.0% | 23.8% | 1.6% | -- | 1.6% |
| B2/B3 (10,001 to 20,000 cruzeiros) | 13.6% | 56.8% | 27.3% | -- | 2.3% | -- |
| A/B1 (over 20,000 cruzeiros) | 10.5% | 47.5% | 36.8% | -- | 2.6% | 2.6% |
| Voting zone: | | | | | | |
| Downtown | 20.0% | 60.0% | 20.0% | -- | -- | -- |
| South | 17.8% | 50.0% | 25.0% | 3.6% | 3.6% | -- |
| Tijuca | 26.7% | 53.3% | 13.3% | -- | 6.7% | -- |
| Leopoldina | 16.7% | 50.0% | 33.3% | -- | -- | -- |
| Central | 14.8% | 54.1% | 26.2% | -- | 1.6% | 3.3% |
| Periphery | 21.0% | 51.6% | 27.4% | -- | -- | -- |

Those Surveyed Said that the Government of President Figueiredo Will Be, in Comparison to Preceding Governments:

| | <u>Better</u> | <u>Same</u> | <u>Worse</u> | <u>No Opinion</u> |
|-------------|---------------|-------------|--------------|-------------------|
| Total | 62.5% | 32.5% | 3.5% | 3.5% |
| Sex | | | | |
| Masculine | 67.9% | 25.7% | 4.6% | 1.8% |
| Feminine | 56.0% | 40.7% | 2.2% | 1.1% |
| Age | | | | |
| 18 to 24 | 63.9% | 33.3% | 2.8% | -- |
| 25 to 29 | 63.0% | 33.3% | 3.7% | -- |
| 30 to 39 | 62.9% | 27.8% | 5.6% | 3.7% |
| 40 and over | 61.5% | 34.9% | 2.4% | 1.2% |

CONTINUED

| | <u>Better</u> | <u>Same</u> | <u>Worse</u> | <u>No Opinion</u> |
|-----------------------------------|---------------|-------------|--------------|-------------------|
| Socioeconomic class | | | | |
| D--Up to 5,000 cruzeiros | 63.7% | 32.7% | 3.6% | -- |
| C--5,001 to 10,000 cruzeiros | 60.3% | 33.3% | 4.8% | 1.6% |
| B2/B3--10,001 to 20,000 cruzeiros | 61.3% | 34.1% | 2.3% | 2.3% |
| A/B1--Over 20,000 cruzeiros | 65.8% | 29.0% | 2.6% | 2.6% |
| Voting zone | | | | |
| Downtown | 60.0% | 30.0% | -- | 10.0% |
| South | 60.7% | 28.6% | 3.6% | 7.1% |
| Tijuca | 66.7% | 26.7% | 6.7% | -- |
| Leopoldina | 54.2% | 45.8% | -- | -- |
| Central | 60.6% | 32.8% | 6.6% | -- |
| Periphery | 67.7% | 30.7% | 1.6% | -- |

Those Surveyed Said that the
President Should Continue to Govern in
This Manner, or Should Change:

| | <u>Should Continue</u> | <u>Should Change</u> | <u>No Opinion</u> |
|-----------------------------------|------------------------|----------------------|-------------------|
| Total | 81.0% | 18.5% | 0.5% |
| Sex | | | |
| Masculine | 78.0% | 22.0% | -- |
| Feminine | 84.6% | 14.3% | 1.1% |
| Age | | | |
| 18 to 24 | 69.4% | 30.6% | -- |
| 25 to 29 | 77.8% | 22.2% | -- |
| 30 to 39 | 83.3% | 16.7% | -- |
| 40 and over | 85.5% | 13.3% | 1.2% |
| Socioeconomic class | | | |
| D--Up to 5,000 cruzeiros | 87.3% | 10.9% | 1.8% |
| C--5,001 to 10,000 cruzeiros | 77.8% | 22.2% | -- |
| B2/B3--10,001 to 20,000 cruzeiros | 79.5% | 20.5% | -- |
| A/B1--Over 20,000 cruzeiros | 78.9% | 21.1% | -- |
| Voting zone | | | |
| Downtown | 90.0% | 10.0% | -- |
| South | 78.6% | 21.4% | -- |
| Tijuca | 86.7% | 13.3% | -- |
| Leopoldina | 87.5% | 12.5% | -- |
| Central | 75.4% | 23.0% | 1.6% |
| Periphery | 82.3% | 17.7% | -- |

5157

CSO: 3001

MILITARY OFFICIAL SUGGESTS ARMS EXPORTS IN EXCHANGE FOR OIL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 79 p 5

[Text] "The countries with insufficient oil are attempting to solve their problems by selling arms." This statement was made yesterday by a general officer at Army General Headquarters in Brasilia, who also criticized the "slowness with which credit is being granted for investments on the part of the national ordnance industry, interfering with its performance and exports."

In his opinion, Brazil could accrue excellent results in its trade balance by exporting materiel for military uses to countries with a high degree of purchasing power, such as the Arab nations, with which arrangements have already been made to extend the existing contracts. "If ENGESA [Specialized Engineers Corporation (manufacturing armored vehicles for the armed forces)] were to receive in due time the released credit for the manufacture of equipment, next year it could make sales amounting to approximately \$1 million."

According to the official, the country's priority for investment in the manufacture of ordnance should be concentrated on research on penetrating and hollow munitions, a sector wherein Brazil is quite dependent on foreign countries. In addition to the research on munitions (which are ostensibly easy to develop but which require sophisticated technology), the official cited the "need to concentrate more financial resources on the manufacture of combat vehicles of the 'Urutu' and 'Cascavel' types, which Brazil has successfully exported to several countries."

He also advocated the creation of greater incentives for the national industry producing materiel for military use, while expressing the view that the Army had minimal facilities available for reequipping itself with the funds available in its budget. He explained: "It is a fact that we have a great shortage of materiel, and there are great hopes that we will obtain a better share of the next budget."

The member of the military considers the current state of the equipment to be "below standard." He argued: "The native industry has great facilities

for research on and manufacture of modern equipment; but if the Army, its most natural consumer, does not purchase, how can this industry expand into the foreign market?"

The general officer gave a reminder of Brazil's capacity for competing on the international market as a manufacture of small and medium sized ordnance, also arguing that "the American, Russian and even French products are more highly priced than ours, in addition to the fact that they have a sophisticated operation that the Middle Eastern countries such as Saudi Arabia and Libya, or the African countries, for example, are not prepared to assimilate." And he reminded: "It does not matter that oil prices are rising to the point where they are causing collective hysteria. The fact is that we must seek new supplies of resources which the sale of military equipment could provide."

2909

CSO: 3001

FOREIGN DEMAND FOR EMBRAER AIRCRAFT INCREASES

Rio de Janeiro O GLOBO in Portuguese 28 Jun 79 p 31

[Text] EMBRAER [Brazilian Aeronautics Company] will have to rapidly increase its annual production of aircraft as a result of growing Brazilian participation in the international aeronautical market. A diplomatic source made that statement yesterday after receiving EMBRAER's report on its participation in the 33rd International Air and Space Show, which closed last Sunday at Le Bourget Airport in Paris.

At that international exhibition, in which Brazil participated for the second time, EMBRAER succeeded--with the help of the Ministry of Foreign Affairs--in selling 26 aircraft. This represents almost half of its annual production of Bandeirantes and foreign exchange earnings of \$32 million, or only \$6 million less than the firm's total sales last year.

The diplomatic source said, "This is the most significant score ever achieved by the Brazilian aircraft industry, which stood out surprisingly among the 23 strong competitors exhibiting their aircraft in Paris."

The 26 Bandeirantes were sold to Great Britain, the Fiji Islands, Finland, and the United States.

Fairflight Charters, a British company, was the largest firm operating the Brazilian twin-engine aircraft outside Brazil to sign a contract with EMBRAER at Le Bourget. It will purchase seven Bandeirante aircraft. Fairflight serves principally the petroleum companies operating in the North Sea. Beginning next year, the Brazilian Bandeirantes will also be used on regional air routes, as is happening in several other countries.

Fairflight has trained more than 20 crews to fly the Brazilian twin-engine aircraft.

France, Uruguay, Great Britain, Gabon, Upper Volta, Australia, Chile, the United States, Papua and New Guinea, Saudi Arabia, Togo, Bolivia, and Fiji are the countries making up the list of traditional purchasers of Brazilian aircraft. The local content in the manufacture of Bandeirantes totals 75 percent, while for the Xavante it is 40 percent and for the Ipanema it is 80 percent.

BRIEFS

OERLIKON INTEREST IN CANNON MANUFACTURE--Brasilia--The European company, Oerlikon (with a majority of Swiss and Italian capital), which manufactures military equipment, is making an agreement with IMBEL (War Materiel Industry) and the Army's Ordnance Department for the purpose of manufacturing its Oerlikon cannon in Brazil. The announcement was made in this capital yesterday by military sources. The sources explained that Oerlikon is not interested in manufacturing in Brazil the same model that is already being used by the Brazilian Army. The European firm wants to produce a simpler model in which the Army is also interested. [Text] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jul 79 p 9] 2909

CSO: 3001

ERRATUM: Please substitute this article for one
that appeared in JPRS 73843, 13 July 1979, No.
2024 of this series, pp 48-59.

COLOMBIA

A THREE-PART HISTORY OF THE FARC

Growth of FARC Viewed

Bogota EL TIEMPO in Spanish 24 May 79 pp 1-A, 2-A

[Text] We are publishing today the first in a series of three articles on the FARC (Revolutionary Armed Forces of Colombia), in which an attempt is made to demonstrate the unusual growth of this subversive group in recent years, the chain of assaults, crimes, and abductions that it has committed throughout the country, and its means of support.

A wretched and fateful pattern of ambushes, abductions, murders of defenseless peasants, and the killing of the country's fine soldiers surrounds the history of the FARC, the Revolutionary Forces of Colombia.

The readers of the press began to see the FARC initials many years ago. In the beginning, however, that subversive organization carried out only limited actions in the countryside, without any great effect on the general public order.

But the FARC has now become important and, by means of eight fighting fronts spread over extensive areas of the country, has succeeded even in ousting almost all of the other groups that were fighting in the mountains.

In the excessive growth of the FARC one unquestionably sees the unmistakable hand of international communism.

This predominance of subversion in the political field seems to reflect in part the victory of the USSR in the Sino-Soviet ideological struggle and the intensification of the Cuban regime's development of its new policy of rapprochement with other American countries and its abandonment--however temporary and apparent--of "exportation" of the Cuban revolution.

The dominance of the FARC in rural areas converted the (pro-Castro) ELN [National Liberation Army] into a sort of revolutionary corpse and forced the (pro-China) EPL [Popular Liberation Army] to restrict its operations to frequent, but innocuous (from the military point of view) blows in cities.

The building up of the FARC appeared to begin a little after the ELN's military catastrophe at Anori when its best men were killed or were captured in one of the most spectacular anti-guerrilla operations known in Colombia.

In October 1973, when the Anori slaughter took place and the slow agony of the ELN began, the FARC were no more than a small group of former fighters of the period of Colombian violence who had become strong in the "independent republics" of El Pato, Guayabero, and Marquetalia.

After the Anori operation, the loss of ELN members, the military defection of Fabio Vasquez Castano, the capture of Ricardo Lara Parada, and the loss of National Liberation Army funds, the ELN's hope of revival came with the appearance of Alonso and Elias Ojeda Awad. They were the new commanders of the demoralized [ELN] troops.

Nevertheless, the spectre of Vasquez Castano had made a deep impression on the ELN. The new leaders did not become rooted in the armed rural struggle, in spite of their being in sites of conflict such as those that they established in the Cesar department, after leaving the Magdalena Medio area, traditional bastion of the guerrillas.

History of the FARC

The FARC, the Revolutionary Armed Forces of Colombia, were not called that in the beginning.

After the general amnesty to guerrillas, proclaimed by Gustavo Rojas Pinilla in 1953, there were groups of former fighters who were not included in the measure. Many of them grouped themselves in the areas of El Pato, Marquetalia, and Guayabero, where they formed the so-called "independent republics." Even though they did not carry out combat actions, they began to instruct the inhabitants of the rural areas under their influence through the "Rural Self-Defense" forces (ADC). They established a sort of systematic training among the rural young people, whom they prepared for the struggle.

The "Rural Self-Defense" forces formed recruitment groups. They travelled over vast areas in the southern part of Tolima and the northeastern part of Huila in a tireless campaign of political indoctrination. Among the prominent leaders of those unarmed preachers of the revolution were: Fermin Charry (renowned enemy of the regular army during the period of the old rural guerrilla conflicts, known as "Charro Negro"); Isauro Llosa, who later died in combat as commander of one of the fronts of the FARC; and Pedro Antonio Marin, or Manuel Marulanda, who later was to become famous through the alias of "Tirofijo" and who has been supreme commander of the FARC up to the present.

But, in the same area and as a cooperator of the regular army, a former guerrilla fighter of Tolima, nicknamed "Mariachi," acted as "pacifier" in the area. The latter saw to the killing of "Charro Negro." Then the single "Tirofijo" headquarters was established, later to become the Revolutionary Armed Forces of Colombia.

At about that same period--1960--the Ninth Congress of the Colombian Communist Party was held in Bogota. One of the chief decisions of the meeting was the turning about of the system that had been carried out up to that time by the "Rural Self-Defense" forces. A change in tactics was ordered, from instruction to that of direct armed conflict.

During two or three years, the military actions of the "Rural Self-Defense" forces were limited to simply wandering through the mountains and hills of the "independent republics" and an occasional attack against isolated police and army posts. It was a question mainly of slowly and patiently obtaining the experience, equipment, and uniforms needed to carry out more important military actions.

The event that showed the fighting capability of the fanatics of the "Rural Self-Defense" forces to the Colombian army was the ambush of a military outpost at the end of 1963. On this occasion the army suffered more than 20 casualties--including soldiers, officers, and non-commissioned officers--and lost all of their equipment. The patrol was decimated.

This action taught the army that what had seemed to be a romantic adventure by indoctrinated peasants was in reality a potential enemy of unsuspected proportion. The military high commands and the government then ordered the "Marquetalia Operation." By land and air a fierce attack was carried out against entrenched enemies who finally had to abandon their positions and flee into the mountains of Tolima, Quindio, Valle, Caldas, Cauca, Meta, and Caqueta.

Emergence of the FARC

The "Rural Self-Defense" forces then began to operate in various places in the southern part of the country--in a disorderly and anarchical manner. But in 1966, in a place not yet established, the "First Guerrilla Conference of the Southern Bloc" was held. The following participated in it: led by Manuel Marulanda "Tirofijo," known also as Pedro Antonio Marin--the guerrilla chiefs--Ciro Trujillo, Jacobo Arenas, and Isauro Llosa--who had taken under their command the dispersed groups that had survived the "Marquetalia Operation."

It was at this meeting that the organization named "Revolutionary Armed Forces of Colombia, FARC," was born. The military staff and the central committee of chiefs were established. A group that was named "Military Committee" (COMMIL)--a coordinating political-military organization for urban operations--was also formed. Its duties included preparing the supply sources from cities for the insurrectionist groups in the mountains.

At this meeting of top guerrilla leaders, mobile groups were established: "Comando Huila," "Comando Caqueta," "Comando Camilo Torres," and "Comando Isaias Pardo." They were assigned a reconnaissance mission for each of the locations where future attacks were to take place; that is, they were the same as intelligence battalions of the Colombian army.

The deliberations of the "guerrilla summit" ended in the establishment of the "Fourth Front of the FARC," whose base was to be in the Magdalena Medio area. In this manner they filled the void left years before by the members of the ELN, who had gone to Cesar under the command of the Ojeda Awad brothers.

Up to that time--end of 1966--the FARC was operating on three fronts, located respectively in Caqueta and Putumayo, Huila and northern Caqueta, and the remainder of Huila, Tolima, and Meta. The new "Fourth Front" operated in the departments of Boyaca, Santander, Antioquia, and part of Cundinamarca. There were very ambitious plans for it. It was put under the command of Ricardo Franco, alias "El Teniente Franco," aided by Marcelino Trujillo and Emiliano Guzman Daza, second and third in the hierarchy.

Next installment: Organization of the fronts. Men and equipment. More fronts are established. Areas of FARC influence.

Deadly Outgrowth of Communism

Bogota EL TIEMPO in Spanish 25 May 79 pp 1-A, 1-C

[Text] In the proliferation of the new fronts of the FARC; in the increase in their members and equipment; in the mastery that they have demonstrated in many of their operations--chiefly in ambushes and kidnapping--one clearly sees the hand of international communism.

When the FARC consisted merely of four small fronts that very sporadically attacked almost defenseless towns and small military and police outposts, they unquestionably were operating according to the patterns of the make-shift guerrilla groups of the former violence.

But, beginning with the Ninth Congress of the Colombian Communist Party in 1960, the commands and the basic cadres initiated an improvement program and a system of training and of actions in which the communist experience obtained in various countries throughout the world was applied.

The crude ambushes of some years before and the occasional abductions of other times changed little by little. Details were so highly perfected and abductions became so technically precise as to reach the point of those carried out against the former consul of Holland in Cali, Eric Leupin, and the North American scientist, Richard Starr.

From the very beginning, the intelligence services of the military forces followed the development of the FARC, which in the first years grew slowly--in contrast to the unusual recent increase in their fighting potential.

In 1975, the intelligence services appraised the FARC as a relatively modest organization, based on five fronts with their respective areas of influence, a few men and a small amount of fighting equipment, which apparently was not enough to arm all of the men.

Under these circumstances, the bands of armed men who attacked towns and police posts did so chiefly in search of new weapons and without any definite strategic objective. They were attacks for purely logistics reasons and for self-provisionment.

The five FARC fronts that existed in 1975 had definite areas of influence, but their size was such that they did not succeed in greatly worrying the forces of order. (Even now, although the eight present fronts are a relatively serious problem for public order, the FARC do not represent an immediate danger to the government, according to what the high military commands have reiterated.)

The commander of the first front during that period--and still the present commander--was Pedro Antonio Marin, alias "Tirofijo;" his deputy was Noel Mata. The areas of influence of this group were the municipalities of Guayabero, Valsillas, Guacamayas, Campoalegre, and San Vicente del Caguan, under the jurisdiction of the department of Huila and the provinces of Putumayo and Caqueta.

The second front was commanded by Rigoberto Lozada Perdomo, alias "Joselo;" the deputy commander was Miguel Pascuas. It operated in Dolores, Planadas, Ataco, Chaparral, Prado, Iquira, in the departments of Tolima and northern Huila, and a small part of Caqueta.

Asnorald Betancur, the renowned "Balin," and his deputy, Ramiro Camacho, commanded the third front with an area of influence in Corinto, Toribio, Miranda, and Buenos Aires, in the Cauca department.

The fourth group was commanded by Marcelino Trujillo; the second in command was Emiliano Guzman Daza. It operated in part of the Magdalena Medio, Cimitarra, Puerto Boyaca, Jesus Maria, Otanche, and Puerto Salgar, in the departments of Boyaca and Santander.

The fifth and last front of the period was commanded by Nestor Arenas, alias "Capitan Paez." Its area of influence was located in the northern part of Antioquia: Uraba, Arboletes, San Pedro de Uraba, Apartado, Chigorodo, and Turbo.

According to the estimates of the intelligence services, in 1975 the FARC had less than 300 men and less than 200 weapons for their fighting and ambushes.

The first front had between 80 and 90 men; the second, 50; the third, 45; the fourth, between 40 and 50; and the fifth, no more than 50 fighters.

The total equipment of all these men, according to the army secret services, was limited to 4 automatic rifles, 9 M-1 rifles, 27 Punto-30 rifles, 21 7-millimeter rifles, 16 M-1 carbines, 18 San Cristobal carbines, 22 M-2 carbines, 8 .22-caliber carbines, 2 Madsen sub-machine guns (now obsolete), 2 M-3 submachine guns, and 28 short-range weapons, including pistols and revolvers of various calibers.

In 1975, the bands of armed men of the FARC seemed more like groups of ragged and dirty peasants than guerrilla organizations. Many of them wore hemp sandals and Indian sandals; they wore ruanas, ponchos, and peasant outfits. Very few--almost always chiefs--wore military boots and uniforms stolen from the bodies of soldiers fallen in conflict.

The five fronts, in spite of the rudimentary nature of their organization, had training centers located in the regions of Viota, the so-called Fourth Zone of Cundinamarca; Tierradentro, in Cauca; Puerto Boyaca, within the borders of Huila and Tolima; and in Meta Department.

Veteran personnel were in charge of training, which included weapons familiarization, indoctrination and ideology, instruction in combat tactics, and knowledge of terrain. Their communication systems included high frequency radios, very similar and at times superior, to those used by the armed forces; reflectors, mirrors and other articles located in trees for signalling.

The FARC in 1979

In contrast to the halting and almost rustic organization of years before, the FARC in 1979 have the appearance of a corps that is dynamic and agile and, militarily, one with great fighting potential.

Present estimates indicate that the eight fronts operating in as many regions of the country have at least tripled their number of armed men. The areas of influence of the five initial fronts have expanded. Abductions are carried out with forethought for the smallest of details. The ambushes against regular troops have a high index of effectiveness. The guerrilla fighters, formerly poorly dressed and with even poorer equipment, all have high quality military uniforms and weapons.

In 1975, there were new fighting fronts which, added to the previous ones, cover the territory of almost the entire country.

The Sixth Front of the FARC emerged in 1976. It was commanded by Luis Ernesto Vasquez Londono, "Capitan Tranquilo." It has been one of the most active and has approximately 50 men. Its area of influence is in southern and northern Tolima, up to the Cauca department and a part of Valle department.

Later, in the area of the Sierra de la Macarena, in Meta department, the Seventh Front made its appearance, under the command of a man using the alias "Trujillo." It has about 100 men and included among its most spectacular actions the abduction of the American, Richard Starr.

The Eighth Front is commanded by Jose Antonio Florez Cortes, "Alonso." It operates in the territory of Arauca and northern Boyaca and has approximately 60 fighters.

The members of the FARC have made progress not only in the fields of logistics and combat, but also in the quality of their members. Although the rank-and-file is made up of peasants for the most part, they have received political indoctrination of such magnitude that they are able to carry out proselytism campaigns by means of harangues and speeches when they capture towns.

In addition to the combatant groups, the majority of the armed bands have medical and first aid services provided by professionals and nurses who live with the guerrillas.

General Staff

The FARC general staff has its headquarters in the Sumapaz area. It is made up of the leaders of the eight fronts who, at present, are: Pedro Antonio Marin, alias "Trofijo"; Rigoberto Lozada Perdomo, "Joselo"; Asnorald Betancur Ocampo, "Balin"; Ricardo Franco, "Teniente Franco"; Luis Enrique Tuberquia Osorio, "Wilsor"; Luis Ernesto Vasquez Londono, "Captain Tranquilo"; Marcelino Trujillo, "Capitan Trujillo"; and Jose Antonio Florez Cortes, "Alonso."

Each of the FARC fronts is led by a commander and a deputy commander, in addition to a squad leader for each group of between 20 and 25 men. The rank of the squad leaders thus equals that of non-commissioned officers in the regular army.

The expansion of the FARC, according to plans ascertained by military intelligence, does not appear to have come to an end. Among its current activities, the Fourth Front has expanded its area of influence to places like Yacopi, La Palma, and Guadero, in Cundinamarca. Short range expansions are aimed at the establishment of several advance mobile units and the establishment of another two fronts, that would give them coverage of almost the entire Colombian territory.

Next installment: Kidnappings, raids, "Executions," and murders of peasants by the FARC.

PHOTO CAPTIONS

1. p 1C. This reproduction was taken from a guerrilla fighter's photo album. Above, first on left, is "Teniente Arboleda" with all of his apparel, accompanied by other insurgents. Below, an unpublished photograph of Pedro Antonio Marulanda Marin, alias "Tirofijo," present commander of the FARC in an encampment in Tolima. (Photo file, EL TIEMPO).

The Victims--Soldiers and Peasants

Bogota EL TIEMPO in Spanish 26 May 79 p 5-B

[Text] As a consequence of its growing power, the FARC has "established" the death penalty in the rural areas.

In recent years there has been a systematic return to "executions" of peasants, on whose bodies there are always signs which say that the victims were "executed" because of "betrayal of the guerrilla" and accusing them of collaborations with the military forces.

In recent years the death penalty has been applied to hundreds of victims. The inhabitants of the rural areas face a dreadful choice: collaborate with the guerrilla or expect violent death at their hands.

Even though there are no precise statistics for this type of FARC activity for previous years, the statistics reported for 1979 are enough to give one an idea of the reign of terror established by the FARC.

In less than six months, 52 peasants were shot to death.

Paradoxically, in spite of their bloody procedures, the FARC apply a hypocritical system of ethics through the "health committees" in the rural areas.

An example of the strange application of "guerrilla ethics" occurred at the beginning of this year. One day, six youths assaulted a school in Cimitarra, amidst shouts and cheers of the FARC. They took from the school two women teachers whom they brought to a woods, where they raped them.

Days later, a FARC command, consisting of men with uniforms and weapons for the exclusive use of the military forces, appeared at the house of the six boys--four of them brothers--and, after a summary trial of a few minutes, sentenced them to death and shot them in the presence of their relatives. In this manner they protected the name of the FARC and eliminated the damage to the "image" of the guerrilla group.

A Summation

To give an idea of the great size that the FARC have attained in Colombia, we present for the appraisal of the readers brief statistics on their known actions of the past ten years:

1967: Ambushes against the army, 4; clashes with the police, 1; clashes with the army, 2; killings of the military forces, 32; military wounded, 14; FARC killed, 7.

1968: Ambushes, 6; clashes with the army, 6; clashes with the police, 2; abductions, 10 (3 of them in Florencia, Caqueta: Miguel Cabrera, Guillermo

and Tomas Perdomo). One of those abducted, Neftali Londono, was killed in Balsillas (Huila). Casualties of the military forces: 13 dead; 3 wounded; FARC casualties: 5 dead, 4 wounded. The largest of the FARC attacks during this year was the attack on the police post at Puerto Rico (Caqueta), in which about 200 heavily armed guerrillas took part.

1969: Ambushes against the army, 1; clashes with the army, 1; military forces casualties: 2 dead and 5 wounded. Abductions: 8, 5 of them in a single attack on the town of Baraya (Huila) on 20 August. Those abducted were Guillermo Munoz, Ester Gomez, Esteban Munoz, Gerardo and Fanny Munoz. In Antioquia the abducted Ruben Norena was killed and, in Popayan, Andres Munoz, both killed after their families had paid the demanded ransom.

1970: Ambushes against the army, 1; attack against a police post, 1; attack against a bus, 1; clashes with the army, 1; casualties of the military forces: 8 dead and 6 wounded; FARC casualties: 2 dead. Abductions: 6; all paid ransoms and were freed.

1971: Clashes with the army, 3; ambushes of the army, 2; ambushes of the police, 1; attacks on military bases, 2; attacks on police posts, 2; military helicopters shot down, 1; clashes with the army, 3; abductions, 17, among them those of Alfonso Tobon and Miguel Kengifo, in Quindio, and Honorio Leon, in Puerto Boyaca. Casualties of the military forces: 20 dead, 10 wounded. FARC casualties: 8 dead.

1972: Ambushes of the army, 2; clashes with the army, 2; clashes with the police, 1; attack on an army vehicle, 1; attacks against military bases, 1, in Mirolindo, municipality of El Tambo, Cauca department. Abductions: 7. Casualties of the army: 7 dead, 11 wounded; FARC casualties, 4. (This year the FARC began to operate in the Cauca department.)

1973: Attacks against police posts, 2; clashes with the army, 3; ambushes of the army, 1; attacks against towns, 2; military helicopters shot down, 1; ambush of police vehicles, 1; abductions, 7 (one of the victims, Juan Pena, killed in San Juan de Arama); casualties of the military forces: 19 dead, 6 wounded; FARC casualties: 3 dead (the attack on the police post in San Pedro of Uraba resulted in the death of 5 police officers). The attack on Florian (Jesus Maria, Santander), resulted in 3 policemen being wounded and the theft of a great quantity of weapons. The military helicopter was shot down in San Vicente de Caguan (Caqueta). This same year, 100 guerrilla fighters captured the town of Colombia (Huila), looted the town, and set free 11 prisoners from the Municipal jail. Eight soldiers were killed by the command led by Asnorald Betancur ("Balin") in an ambush at Bejucales, municipality of Arboledas, North Santander. Another ambush at Santa Rita (Cimitarra) took as its toll the death of 4 peasants. Lastly, in Canon de Amamicu, Rioblanco (Tolima), the army was ambushed, resulting in a total of six dead. The FARC lost 3 men.

1974: Attacks on police posts, 2; ambushes against the army, 1; clashes with the army, 3; military helicopters damaged, 1; casualties of the military forces: 11 dead, 6 wounded; FARC casualties: 7 dead, 2 wounded; abductions: 6, among them the brothers, Alfonso and Mauricio Dagua, both murdered.

1975: Attacks on police posts, 1; capture of towns, 2; clashes with the army, 2; casualties of the military forces: 8 dead, 4 wounded; FARC casualties: 7 captured in Guadualito; abductions, 6, among them, the former consul of Holland in Cali, Eric Leupin, on 1 February, and set free years later. Three of the other abductions were perpetrated in Cimitarra.

1976: Clashes with the army, 6; ambushes of the police, 2; ambushes against the army, 1; casualties of the military forces: 7 dead and 8 wounded; FARC casualties: 5 dead, 1 captured; abductions, 7, among them that of Freddy Archibold, in San Juan de Arama. One of the persons abducted, Octavio Echeverry, was murdered in the Cimitarra area.

1977: Attacks against police posts, 3; clashes with the army, 6; ambushes against the army, 2 (almost all the above by the Fourth Front of the FARC, in La Palma, Otanche, and Yacopi); abductions, 13, among them, 4 in Algeciras (Huila): Francisco Macias Vargas, Ricardo Bolivar, Manuel Garrido, and Cristina de Espinosa; in Toribio (Cauca), Pedro Miguel Taquinas, Enrique Montano, and Antonio Mesa. On 14 February of this year, in the mountainous district of La Macarena (Meta), the American scientist, Richard Starr was abducted and is still a prisoner of the FARC. The attack was led by the commander of the Seventh Front, Marcelino Trujillo, "Capitan Trujillo." In the Esquinas (Caqueta), the brothers, Fabio, Uriel, and Anibal Higino Gallego were abducted. Two abducted persons were killed: Marcos Cardozo, in Las Perlas (Huila), and Uriel Hurtado, in Puerto Berrio.

1978: Attacks against towns: 6; ambushes against patrols: 5; attempts at capture of barracks: 1; sabotage (pipeline): 1; thefts amounting to \$2,300,000; abductions: 14, six of them in Cimitarra. In La Victoria (Caldas), as a result of resisting abduction, the Liberal leaders, Fernando and German Mejia Duque--the latter former governor of Caldas--were murdered. This year a total of 77 peasants, accused of "betrayal of the guerrillas," were murdered, 18 of them in a single action, in the Cimitarra area, by a new brigade of the FARC known as "Las Radiales." Military casualties: 12 dead. The number of FARC casualties for this year is not known.

1979: Reports of this year's actions of the FARC are, to say the least, disquieting. Less than 20 kilometers from La Dorada, a command of the Fourth Front, led by Ricardo Franco (Teniente Franco), abducted 6 persons, 3 of whom succeeded in escaping. The following are still prisoners of the guerrillas: citizens Marcelo Uribe Urdaneta, nephew of former president Roberto Urdaneta Arbelaez and brother of archbishop of Cali, Monsignor Alberto Uribe Urdaneta; Luis Eduardo Gonzalez, and Gabriel Gomez Arrubla.

Other actions: attacks against towns, 5; ambushes against the police, 4; murders of peasants, 46; attacks against police posts, 3; casualties of the military forces: 18 dead, 16 wounded; FARC casualties: 13 dead, 3 wounded. The most considerable of the actions: 100 guerrilla fighters attacked San Antonio de Jetuche (Caqueta), where they killed Claudio Garcia. On 18 January, in Yacopi, they carried out an ambush against the army and killed 7 persons (some of them burned alive) and wounded 3. On 30 January, the people in the town of Chaco Curvardao (Caqueta) were attacked: two civilians died, one was wounded. On 4 February, there was an attack against the town of Acevedo (Huila), in which 3 policemen and a priest died. On 6 February: an attack against Cartagena de Chaira (Caqueta) resulted in 2 peasants dead and 2 wounded. On 9 February: there was an attack on the route to San Vicente de Chucuri: 4 peasants murdered. On 4 March: 2 army non-commissioned officers were murdered in Pensilvania (Huila). On 12 March: in El Tambo (Cauca) 4 peasants were murdered. On 17 April, 2 police officers were killed in Umbo (Boyaca). On 21 April, in Cimitarra, 7 peasants were shot. In Yacopi, on 23 April, a military patrol was taken by surprise and 1 soldier died. On 19 May, in Cimitarra, a police inspector was killed.

Military Offensive

Despite this gloomy framework, the military forces have recently struck well-aimed blows at the FARC. In Cimitarra, 9 insurrectionists were captured. In Sumapaz, an army patrol captured a FARC post office sub-station and confiscated important documents, according to which preparations were being made to organize another 2 fronts of the organization; and there was a plan to buy weapons for 60 million pesos, the product of recent abductions.

In the meantime, in Bogota, through Army Intelligence, the guerrilla leader, Jose de Jesus Rojas Rivas ("Cartagena") was captured. He furnished important information that is being evaluated by the military forces. The information from "Cartagena" facilitated the death of the guerrilla fighter and chief of the FARC, Alfredo Gomez Duque, alias "Aldemar," commander of one of the mobile patrols.

MACEO BRIGADE FOUNDING MEMBER INTERVIEWED

Havana GRANMA WEEKLY REVIEW in English 15 Jul 79 p 9

[Interview with Margarita Lejarza, founder of Maceo Brigade, by Roger Ricardo Louis, date and place not given]

[Text] We set out to find out more about the 20 young people from Florida on the Carlos Muniz Varela 2nd Contingent of the Antonio Maceo Brigade, in Havana right now. So we talked about them, their life and activities, to Margarita Lejarza, a brigade member from that state and founder of the Antonio Maceo Brigade, in addition to being an active supporter of what has come to be known in the Cuban community as the dialogue.

"The conditions faced by the brigade in Florida are among the most difficult in the entire United States in view of the large concentration of Cubans and the heterogeneous nature of their ideas, because Miami is the headquarters of many terrorist organizations and of counterrevolutionary propaganda. However, in spite of all this, the actual membership of the brigade has doubled.

She added that one of the most effective tasks undertaken so far has been showings of Cuban films such as EL OTRO FRANCISCO (The Other Francisco), EL HOMBRE DE MAISINICU (The Man from Maisnicu), LA ULTIMA CENA (The Last Supper) and LUCIA, in Miami, Gainesville and Tallahassee.

"At first only a few people turned out but now there are many not affiliated with the brigade. There is growing interest in spite of the difficult conditions."

The objective of the showings, says Margarita, is to raise funds for the brigade and arouse interest in Cuba, trying to create a discussion without people necessarily having to endorse the brigade's views.

Terrorists have turned out at our showings but we have thrown them out. They have a special look about them, and you quickly realize who has come

to see the film and who is looking for trouble. Its a feeling you develop in time as a result of having to deal with these people," said Margarita.

Among the factors which have hampered greater participation in the brigade are social and family pressures, loss of jobs and terrorism, explained Margarita. "Brigade members are labeled as communists playing at revolution in the United States, but, in spite of all this propaganda, when we were able to publish an advertisement in the MIAMI HERALD we got many positive replies and some from people who were 50 years old."

The brigade members have prepared themselves by means of study groups which meet weekly to consider things like the Programmatic Platform, Fidel's Main Report to the 1st Congress of the Party and his press conference dealing with the Cuban community abroad. They have also studied Cuban history. Margarita Lejarza said the Florida groups are characterized "by their responsible spirit of work and discipline."

We concluded the interview by discussing Carlos Muniz and she told us: "I met him in Puerto Rico in 1972, when we felt that one of the ways to draw closer to Cuba was to participate in the Puerto Rican independence struggle, and he had already come out in favor of the line of the Puerto Rican Socialist Party; he quickly distinguished himself as a leader, as one of the best cadres of our movement and of the brigade.

"His death has made us increasingly aware of what we have done and are doing and what we must do. It has been a moment of definition and has strengthened our determination."

CSO: 3020

RIVERSIDE BAPTIST CHURCH PASTOR VISITS ISLAND

Havana GRANMA WEEKLY REVIEW in English 15 Jul 79 p 9

[Text]

● WILLIAM S. Coffin, pastor of Riverside Baptist Church in New York City, came to Cuba for two weeks with his son Alexander and Norman and Margaret Eddy, also pastors of the East Harlem congregation.

They toured various sites of interest, including historical spots in Santiago de Cuba and Trinidad, the Ernesto Che Guevara Senior High School in the Countryside in Havana province and the Alamar housing project to the east of the capital.

They also met with José R. Fernández, vice-president of the Council of Ministers; Vilma Espín, president of the Federation of Cuban Women; and Alfredo Guevara, deputy minister of culture.

The visitors met with numerous Cuban Baptist pastors doing 15 days of agricultural work in the town of Bainoa, Jaruco municipality, in Havana province.

The Cuban pastors expressed their satisfaction over being able to make their modest contribution to the difficult task of furthering Cuba's economic development, and Coffin had praise for this.

The 55-year-old minister was very taken with Cuba's natural beauty and pleased about Cuba's achievements, especially in education and public health, and above all he was very impressed with what he had seen in the people and with justice here.

Cuban Christians, he said, were able to make a meaningful contribution to national priorities. "My brothers identify with the justice of the Revolution," he said.

On a concluding note, he spoke of the freedom of worship he had observed and expressed the hope that the economic and spiritual blockade imposed on Cuba by the United States would soon be lifted.

CSO: 3020

IMPORTS, EXPORTS, FOREIGN INVESTMENTS STRENGTHEN ECONOMY

Trade With FRG, 1974-1978

Montevideo EL DIA in Spanish 9 Jun 79 p 7

[Article: "Increase in Exports to Germany Maintained"]

[Text] "The increase in trade between the Federal Republic of Germany and Uruguay in the past 3 years has been very sizable," Dr Hubert Beemelmans, counselor at the FRG Embassy in Uruguay, told EL DIA.

Dr Beemelmans also said that taking the year 1974 as a frame of reference when Uruguay exported products worth US\$33.2 million and imported goods for US\$33.1 million thus witnessing a trade surplus of US\$100,000, in subsequent years, that is, 1975, 1976, 1977 and 1978, the balance of trade saw a much larger surplus in favor of Uruguay.

Thus, in 1975 Uruguay exported goods for \$45.2 million and imported items for \$41.4 million leaving a trade surplus of \$3.8 million for Uruguay. In 1976 Uruguayan exports to the FRG totaled \$66.9 million and imports came to \$40.9 million, yielding a surplus of \$26 million.

In 1977 Uruguayan exports to the FRG totaled \$71.4 million and imports, \$50.6 million resulting in a surplus of \$20.8 million while in 1978 Uruguayan exports totaled \$85.2 million and imports \$64.5 million, also yielding a trade surplus, of \$20.7 million for Uruguay.

One should note the increase in imports from Germany which occurred in 1978 and which exceeded by nearly US\$14 million those of the year before. This was due in part to the purchase by PLUNA [Uruguayan National Airlines] of two modern Boeing 727 aircraft which were added to the fleet of Uruguay's major airline.

"A really important thing," Dr Beemelmans continued to explain, "is that during 1978, of the products worth US\$85.2 million which Germany imported, more than 50 percent were finished items. Raw materials represented only some 11 percent. Also important were food products of animal and vegetable origin and semifinished products. Thus we can see that food products and finished products led Germany's imports from Uruguay.

"On the other hand, Uruguay imported a sufficient amount of raw materials and semifinished products. In the breakdown finished products accounted for US\$43.4 million, semifinished products for US\$18.3 million, food products of animal origin for \$1.2 million, food products of vegetable origin for \$500,000 and alcoholic beverages and tobacco for \$200,000."

Germany, the Number One Extracontinental Client of Uruguay

"Our attention is drawn to the fact," the counselor at the FRG Embassy continued, "that in the past few years our country has been the number one extracontinental client of Uruguay. As clients, only Brazil was ahead in 1975 and 1976 while Brazil and the United States were ahead in 1977 and we were Uruguay's third-ranking client."

"Concerning German exports to Uruguay, we held fifth place in 1975, seventh place in 1976 and fourth place in 1977. But we were always the leading extracontinental supplier of Uruguay among non-oil exporting countries."

Cooperation of Uruguayan Businessmen With German Businessmen

"I know that there is interest on the part of Uruguayan businessmen in getting in touch with their counterparts in my country in order to realize projects together in the glass, television tube, fur and other sectors."

Technical Assistance to Uruguay

According to what Dr Beemelmans told us, for a few years now various technicians have been coming to Uruguay to offer advice in different fields of activities.

Accordingly, technical aid was given the Uruguayan Ministry of Industry and Energy by a financial expert in the study and development of small- and intermediate-sized industry.

"Also planned is the arrival of an expert in a few months with the mission of promoting regional development and zonal development outside Montevideo, in such areas as the Norione zone.

"For the past 1 1/2 years another German expert has been working at LATU [Technological Analysis Laboratory of Uruguay] assembling a pilot plant for the preparation of canned fruit and vegetables in order to improve products and to have them accepted more easily by the world market. Also, a little while ago, a geological-mining mission arrived in Uruguay for the exploration and better use of mineral deposits. This mission is made up of two geologists and one mining engineer," Dr Hubert Beemelmans, counselor at the FRG Embassy in Uruguay, concluded.

South African Hopes, Achievements

Montevideo EL DIA in Spanish 13 Jun 79 p 5

[Article: "South African Capital Interested in Investing in Some Industries"]

[Text] Various groups of South African capitalists are planning to make sizable investments in our country.

The secretary of the embassy of the Republic of South Africa, Peter Van Rensburg, reported this to EL DIA during an interview that he granted for this purpose.

"In the past 4 years a nucleus of interest developed among some South African capitalists. This occurred with a better knowledge of what Uruguay represented in the world.

"I myself had talks here 6 months ago with a South African industrialist who was extremely interested in building a shipyard. I put him in touch with Uruguayan executives and now the whole plan is under study. This dockyard would be built in the area of Montevideo and investment being discussed would be around US\$10 million. The facility would naturally be built jointly with a Uruguayan company. The interest is real and contacts continue. This matter is still under study but I believe it to be sufficiently feasible."

Another possibility of investment, according to Peter Van Rensburg's comments, is the construction of a modern hotel in Punta del Este. "In August last year I joined an industrialist of my country in visiting said seaside resort and he was extremely impressed with the great activity that went on there. I believe that he still has the same attitude as at the start, that is, of wishing to continue to study that possible construction which could cost US\$20 million or \$30 million, depending on the capacity the hotel would have."

In another respect the secretary of the South African Embassy told us that South African capitalists would also be interested in investing in Uruguayan fishing vessels and talks are already underway with Uruguayan businessmen for the purpose of securing four or five fishing craft.

Distribution of the Krugerrand

"We have something in mind that could perhaps be implemented. The Krugerrand is a gold coin which contains exactly one fine ounce of gold and is used as a means of investment. Some 25 percent of all gold exports made by South Africa occur in the form of this coin. It is a type of investment and has wide acceptance in Europe and Japan given that it is acquired as an investment. Its price is related to the price of gold in the market. The value of gold is US\$280 per ounce and the Krugerrand is worth US\$285. I firmly believe that the Krugerrand can have wide acceptance in South America

because of the various devaluations of the currencies of countries and the increase in the price of land which is reaching a saturation point.

"One of our plans is to use Uruguay as a distribution center for the Latin American continent. This would involve shifting to Uruguay say 15,000 Krugerrands and selling them to all potential countries from here."

Exports to South Africa

According to the figures supplied by Peter Van Rensburg, Uruguay exported to South Africa in 1975 various products worth US\$3 million, in 1976 for \$2.5 million, in 1977 for \$1.7 million and in 1978 for \$3 million. On its part South Africa exported to Uruguay in 1975 goods worth US\$700,000, in 1976 for \$6 million, in 1977 for \$10 million--the year when equipment for the cement plant was imported by Uruguay--and in 1978, even though no official statistics are available, the figure could range between \$6 million and \$10 million.

Uruguayan products mostly highly in demand by South African companies are rice, leather and textiles. "There is a very large market there for Uruguayan articles. For example, we buy a lot of leather in Spain, which I do not believe is cheaper than that of Uruguay. I think that the Uruguayan businessman will have to investigate the situation a little more thoroughly in South Africa so as to increase his sales."

Surplus Trade Balance in 1978

"In 1978 we managed to have an [aggregate] balance of trade surplus of US\$1.7 billion, in 1977 of \$700 million, whereas in 1976 we had a deficit of US\$400 million. This deficit was due to the energy crisis. Oil imports in my country rose in 4 years from US\$191 million to US\$1.4 billion. When our trade balance started to show a deficit with other countries, my government took cognizance of the problem and decided to implement a new, very stringent economic policy. Imports were reduced, exports were increased, and we were lucky that the price of gold rose sharply, an event that worked very much in our favor."

Greater Cooperation With Korea

Montevideo EL DIA in Spanish 13 Jun 79 p 6

[Article: "Possibilities of Increasing Business With Korea"]

[Text] During the press conference offered by the Uruguayan-Korean Chamber of Commerce, EL DIA interviewed Chou-Uck Kim, secretary at the Korean Embassy in our country. On being asked about Uruguay's trade with Korea Chou-Uck Kim told us: "There are prospects of good agreement between our two countries on the basis of more extensive cooperation."

"We have entertained commercial contacts with Uruguay for many years now and we are presently importing from Uruguay leather articles and woolens. The figures involved are not high but gradually our trade will grow."

In another order of things the secretary at the Korean Embassy told us that the trade balance is slightly favorable for Uruguay now.

Concerning the prospects of Uruguayan-Korean trade Chou-Uck Kim told us that "beginning this year we have started to increase in various ways our information about the products of various countries. We are also studying the possibility of a commercial delegation from Korea visiting Uruguay with the purpose of evaluating our possible purchase of traditional Uruguayan articles."

2662

CSO: 3010

MEAT INDUSTRY REFLECTS ON EXPORTS, PREPARES FOR RAINY DAYS

May Exports

Montevideo EL DIA in Spanish 10 Jun 79 p 21

[Article: "Meat: 10,794 Tons Were Exported in May"]

[Text] Slaughtered bovine livestock stored in exporting refrigerated plants in May 1979 involved 101,954 head made up as follows: 77,319 steers, 20,263 cows, 2,525 bulls, 1,597 calves and 250 oxen, according to a report from INAC [National Meat Institute].

In said month a total of 10,794,148 kilograms of meat were exported of which 81.48 percent were beef products, 15.36 percent byproducts, 1.73 percent giblets, 0.97 percent horse meat, 0.34 percent poultry and 0.12 percent lamb.

In the final week 2,445.2 tons of sides of beef with bones were shipped to Brazil which, as of 27 May 1979, brought the total exported in implementation of the recently realized sale by the Refrigerated Industry to 5,127.9 tons.

Out-of-Season Reserves

Montevideo EL PAIS in Spanish 9 Jun 79 p 8

[Article: "Meat: The Slaughtering Season Is Over but There Will Be No Shortage; Reserves of 14,000 Tons"]

[Text] The meat which was recently acquired in Argentina and whose arrival in Uruguay will be completed as soon as final administrative details are worked out, plus the reserve inventory of supplies already established and which has reached 14,000 tons, added to a littel production of meat in winter thanks to improved pastures will make it possible to have an adequate supply of the product for the inhabitants in the imminent out-of-season period.

That is what sources attached to the Ministry of Agriculture and Fishing stated yesterday [8 June 1979]. They indicated that the meat from Argentina will be sold on the market at a price below that applying now to the domestic product. The purpose is for this meat to help avoid imbalances in the domestic market.

The total involved in the operation agreed upon with Argentina is 2,500 tons, a figure of relative importance if it is considered that the monthly meat consumption of Montevideo and Canelones is 7,000 tons.

Reserve Inventory

In the middle of the dry season the exporting refrigerated plants and supply slaughterhouses began to build up a reserve inventory in order to insure consumption during the traditional out-of-season scarcity.

On the basis of information collected, approximately half of this stock was accumulated thanks to private refrigerated facilities which have placed those supplies at the disposition of CADA [Administrative Supply Committee].

The reserve inventory will be distributed during the months when the shortage of meat becomes more acute.

End of the Slaughtering Season

In circles connected with the agricultural sector it was reported that the completion of the livestock slaughtering season is imminent. The informants indicated that practically all the dressed beef has been delivered to the refrigerated plants or is in the process of being so. Thus, a shortage of livestock will make itself felt seriously in the next few weeks.

On the other hand, it also became known that there is a sizable quantity of meat in storage representing about 20,000 tons whose purpose will be to execute the various existing export agreements. The most important, signed with Brazil, is presently somewhat behind as far as fulfillment of shipments is concerned.

Out-of-Season Production

The widespread drought which is making itself felt in the greater part of Uruguay has brought a setback for those producers who had planned to improve a sizable tract of land to produce fattened livestock out of season.

That hitch, informants noted, will not in any way prevent a small out-of-season supply which, while being less than what had been hoped for initially, will nevertheless represent a change following several years of practically no out-of-season meat production.

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